

6636. By Mr. LINTHICUM: Petitions of the Maryland Audit Co., G. Harvey Porter, Wilmer Black, and J. R. Eder, all of Baltimore, Md., favoring the Capper bill; to the Committee on the District of Columbia.

6637. Also, petition of Henry P. Bridges, secretary of the Woodmont Rod and Gun Club, favoring passage of the public shooting ground or game refuge bill; to the Committee on Agriculture.

## SENATE.

TUESDAY, December 19, 1922.

(Legislative day of Saturday, December 16, 1922.)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

TASKER L. ODDIE, a Senator from the State of Nevada, appeared in his seat to-day.

Mr. McKELLAR. Mr. President, I make the point of no quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Ashurst	Fernald	Lodge	Reed, Mo.
Ball	Fletcher	McCumber	Robinson
Bayard	France	McKellar	Sheppard
Borah	Frelinghuysen	McKinley	Shortridge
Brandegee	George	McLean	Simmons
Brookhart	Gerry	McNary	Smith
Broussard	Glass	Moses	Smoot
Bursum	Gooding	Nelson	Spencer
Calder	Harrell	New	Stanley
Cameron	Harris	Nicholson	Sutherland
Capper	Harrison	Norbeck	Townsend
Caraway	Heflin	Norris	Trammell
Colt	Hitchcock	Oddie	Underwood
Couzens	Johnson	Overman	Wadsworth
Culberson	Jones, Wash.	Page	Walsh, Mass.
Cummins	Kendrick	Pepper	Walsh, Mont.
Curtis	King	Phipps	Warren
Dial	Ladd	Pittman	Weller
Dillingham	La Follette	Pomerene	
Ernst	Lenroot	Ransdell	

Mr. PHIPPS. I wish to announce that the Senator from Washington [Mr. POINDEXTER], the Senator from Maine [Mr. HALE], the Senator from New Hampshire [Mr. KEYES], and the Senator from Virginia [Mr. SWANSON], are in attendance at a hearing before the Committee on Appropriations.

Mr. CURTIS. I wish to announce that the Senator from Ohio [Mr. WILLIS] is necessarily absent on account of illness in his family.

The PRESIDENT pro tempore. Seventy-eight Senators have answered to their names. There is a quorum present. The Senate will receive a message from the House of Representatives.

### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhues, its enrolling clerk, announced that the House had passed without amendment the bill (S. 4100) to amend section 9 of the trading with the enemy act, as amended.

The message also announced that the House had passed a bill (H. R. 13374) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1924, and for other purposes, in which it requested the concurrence of the Senate.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 13316) making appropriations for the Departments of Commerce and Labor for the fiscal year ending June 30, 1924; had receded from its disagreement to the amendments of the Senate numbered 1 and 3 to the bill, and agreed to the same; and that the House had receded from its disagreement to the amendment of the Senate numbered 4 and agreed to the same with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 13180) making appropriations for the Treasury Department for the fiscal year ending June 30, 1924, and for other purposes, and had receded from its disagreement to the amendments of the Senate numbered 1, 2, and 3 to the bill and agreed to the same.

### PETITIONS AND MEMORIALS.

The PRESIDENT pro tempore laid before the Senate a communication from the board of supervisors of the city and county of San Francisco, Calif., memorializing Congress, pursuant to a vote of the citizens of that city and county, for an amendment

of existing law permitting the manufacture and use of light wines and beer for beverage purposes, which was ordered to lie on the table.

Mr. CALDER presented a petition of sundry citizens of Brooklyn and vicinity, in the State of New York, praying for the enactment of legislation creating a department of education, which was referred to the Committee on Education and Labor.

Mr. CAPPER presented a resolution adopted by Odessa Local, No. 157, Farmers' Equity and Cooperative Union of America, of Winfield, Kans., protesting against passage of the so-called ship subsidy bill, which was ordered to lie on the table.

Mr. LADD presented the memorial of C. Shajerman and 28 others of Bathgate, N. Dak., remonstrating against the passage of the so-called ship subsidy bill, which was ordered to lie on the table.

He also presented petitions of 74 citizens of Griggs and Foster Counties and 166 citizens of Portland and vicinity, in the State of North Dakota, praying for the prompt passage of legislation stabilizing the prices of farm products, which were referred to the Committee on Agriculture and Forestry.

### HOWARD W. AMBRUSTER ON THE ARSENIC SITUATION.

Mr. FRELINGHUYSEN. I ask permission to have inserted in the RECORD an article on the calcium arsenate situation that I think will be very interesting to the farmers of the country.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

BOUND BROOK, N. J., December 7, 1922.

The Hon. JOSEPH FRELINGHUYSEN,  
Senate Office Building, Washington, D. C.

DEAR SIR: In view of the recent adoption of the resolution introduced by Senator Smith of South Carolina calling upon the Federal Trade Commission to investigate the present arsenic and calcium arsenate situation in relation to the problem of boll-weevil control, it occurs to me that you might be interested in some articles written by that well-recognized expert on this subject, Howard W. Ambruster.

Mr. Ambruster was the man who designed, built, and operated the largest calcium-arsenate plant in the world. It is located right here in Boundbrook and was owned originally by Mr. Frank Hemingway, whom you may know personally.

It seems to me as a close student of this problem of boll-weevil control that it might be extremely valuable to the cotton growers if these articles were spread on the records of the United States Senate, so that copies might be sent to those who stand to profit most from the information contained therein, namely, the southern cotton growers.

Very truly yours,

PAUL McMICAL.

[Reprinted from November 27, 1922, issue of Oil, Paint, and Drug Reporter, 100 William Street, New York.]

### WHENCE WILL COME THE ARSENIC?

Arsenic, being wholly a by-product, is, productively speaking, immune from the stimulating influence of demand. The supply is measured solely by the activity of production in the metallurgical field, especially copper, and the price of arsenic would have to rise far, far above even to-day's high level before smelting for the sake of getting the arsenic content of a metallic ore could be looked upon as a profitable undertaking.

Under normal conditions in metallurgy this country produces something like 15,000 tons of arsenic a year. In the years when that output was normal almost the entire quantity found ready consumption. What could be the effect of adding a demand for some 4,000 tons for the manufacture of calcium arsenate? The answer will clarify, but it will not relieve, the situation resulting from the enormous demand for calcium arsenate to combat the cotton-boll weevil. Metallurgical operations are not now normal; they have been subnormal for several years. Need one seek further for evidence that there is a shortage of arsenic? The high price now prevailing has a very substantial *raison d'être*.

The cotton planter is faced not by a shortage of calcium arsenate, or a "corner" in that product, but by the stubborn fact that manufacturers of the desired insecticide are extremely hard put to get the raw material to make it out of. There is no lack of firms ready to make calcium arsenate and market it at a reasonable price, and new ones are looking for an opening every day; but to get arsenic—and the arsenate is 40 per cent arsenic—the manufacturer has to bid against the industries which in former years took the greater portion of the available supply, and even then he finds that the smelters have a tendency to take care of their older customers first.

Arsenic can be produced otherwise than as a by-product of smelting. There are several arsenical minerals deposited in different sections of the United States. But no process has as yet been devised for making arsenic from orpiment, realgar, mispickel, and other native minerals at a price which would afford relief from existing market conditions. A few firms are producing arsenic direct, or are about ready to do so, but they will not be able to offer it at a bargain.

Orpiment, practically the most promising arsenical mineral, which contains 50 per cent of arsenic, has been located only in Utah. Realgar, which contains 70 per cent of arsenic, is found in Utah and Washington. Nevada and Washington have deposits of other minerals of good arsenic content. Mispickel (arsenical iron pyrites) is more widely distributed, deposits having been located in 17 States. These minerals offer a potential primary source of calcium arsenate, or of some equally effective compound of arsenic. Their practical application in the boll-weevil fight requires, however, a great deal of development.

There is talk in some of the cotton States of cooperative or State calcium arsenate plants. If we may make a suggestion in this connection it is this: First get the arsenic. Mispickel deposits exist in Georgia, Arizona, North Carolina, and Virginia (to name only the locations convenient to the cotton belt). Perhaps the State universities can be induced to study the problem of turning these deposits to



account in the campaign against the boll weevil. The need justifies a goodly measure of research.

Not so much is heard now as was common talk a few months ago of the possibilities of getting arsenic cheaply from abroad. This material is on the free list of the new tariff law, but importations have not developed any marked proportions. Metallurgy is at as low an ebb in Europe and the Far East as it is in this country. The agricultural peoples of those regions in their intensive practices and because of the large proportion of garden vegetables among their crops need considerable arsenic in the form of Paris green and other compounds. This condition leaves little, if any, to be exported. Even a high price would likely have but a temporary effect in attracting sellers to the American market; the home governments would soon act on the plea of their agricultural peoples and impose restrictions on exports.

Investigation of the calcium arsenate situation has been asked of the Department of Justice and the Federal Trade Commission. The question seems to be a chemico-economic one rather than a matter of monopoly, as is hinted in the request for a probe. The ingenuity which developed the fact that calcium arsenate eradicates the boll weevil has now the bigger task of developing the production of the insecticide.

#### ARSENATE SHORTAGE A SERIOUS REALITY—CALCIUM ARSENATE DEMAND FOR BOLL-WEEVIL CONTROL LEAVES SUPPLY OF RAW AND FINISHED MATERIAL BEHIND.

(By Howard W. Ambruster, calcium arsenate consultant.)

Many contributing factors have brought about a rise in the arsenic market, which buyers among insecticide producers claim is getting too heavy. From a low mark of between 7 and 8 cents several months ago it advanced at first slowly and more recently by leaps and bounds to 13 cents and over.

The writer has analyzed various phases of the arsenic and insecticide situation from time to time during the past year and has pointed out numerous reasons why arsenic must reach higher price levels. It would seem now that every one of the many facts which could affect demand has been suddenly accentuated.

The arsenic-buying season for next year's requirements of insecticides started in with all stocks of both the raw material and the finished products reduced to the lowest minimum in years by the pressure for late shipments of lead arsenate and Paris green and finally the scramble for calcium arsenate in July. Meanwhile the smelters having shipped all old stocks were still producing less than normal on account of the condition of the metal market.

#### CALCIUM ARSENATE IN A BOOM.

As reports began to come in about the boll-weevil control this year as conducted by the progressive cotton planter and investigator alike, it became evident that calcium arsenate had, indeed, come into its own. The success of this method of control has definitely proved itself as the main defense of the southern planter against the insect invasion. By contrast was the short crop from those plantations in the infested areas which were not dusted either because the owners were unable to secure supplies or unwilling to use the dust if obtainable.

The result has been a pyramiding of the pre-season agitation in the South for contract offers for next year's requirements of calcium arsenate, which agitation started almost before the last cars were shipped South during the summer. Dealers and consumers in the South could not understand why northern manufacturers should have charged a so much higher price late in the season than the figure set before the season opened by one large manufacturer. They did not realize that this earlier price made on the State of Georgia contract was induced by the fact that the manufacturer had carried the stock for two years, and therefore sold it not on the basis of cost plus a legitimate profit but practically as distressed merchandise.

As a matter of fact, the bad judgment displayed by the seller in this instance, while it saved the Georgia planters a large sum of money and permitted them to secure calcium arsenate while the rest of the South begged for it, at the same time cost the seller a large sum, and also caused the rest of the insecticide makers to delay their manufacturing program until late in the season, and thus actually induced the shortage of calcium arsenate last year to such a degree that the balance of the cotton States lost a great deal more than Georgia actually saved.

But with last season's peculiar record a recent experience, the buyers immediately started a campaign for prices for next year, and this important factor in bulging the market price for arsenic itself gradually gathered impetus until finally the pot boiled over when early in November Georgia's State Board of Entomology asked for bids for next year and was unable to obtain any.

#### FOREIGN SUPPLY NEGLIGIBLE.

Meanwhile the tariff agitation re white arsenic had culminated in the final passage of the tariff bill with this product on the free list. Many consuming buyers had held back on their contract purchases on the fallacious theory that as soon as the tariff was definitely settled the domestic market would be flooded with foreign arsenic and prices would go down immediately. However, the nonexistence of any available foreign surplus beyond that quantity which has come into this country in previous years prevented any response to the new demand from the United States.

The fact that these bidders for foreign arsenic all became active at the same time simply boosted the market up ten or fifteen dollars a ton immediately after the tariff was signed.

In addition to the already existing makers of insecticides a number of new producers have appeared on the scene and many others have been considering the manufacture of calcium arsenate. Inquiries for actual purchases for these accounts have helped along the cry for arsenic, spot and future, and the methods used by some buyers to secure quotations on comparatively small purchases have caused requests for prices on a carload to be multiplied in the New York market to several hundred tons. Instead of buying through one source or bidding quietly, these bidders have gone from one seller to another, including both producers and importers or dealers, and finally to all of the brokers.

In itself constant repetition of requests for prices will bull the market on any product, and when there is an actual shortage the effect is many times multiplied. One strange feature of it has been the way the bidding price level has kept just under the market, but has advanced with the market. In this respect it differs from the market in many chemicals during the war when wise buyers would bid over the market and get their purchases and then sit back and watch the other fellow get caught. In this arsenic situation many of the bidders who still are just under the market are actually offering prices in excess of the figure at which they were apparently willing to buy a few weeks ago.

The increase in the price of cotton has kept in step with the increase in the potential demand for calcium arsenate and the bidding for white arsenic. Granted that the planter always should use calcium arsenate to raise a maximum crop when the boll weevil appears, yet naturally it has been easier for the South to foresee the big demand for this insecticide while cotton is going up than might have been the case should cotton have been going down.

#### COTTON PLANTERS WAKE UP.

One of the strongest features of the potential demand for calcium arsenate next year is found in the wider distribution of the product in all parts of the South this last season. A large percentage of the planters would not begin to dust their cotton as a result of the most intensive propaganda by county, State or Federal entomologists, newspaper advice or sales efforts of local supply men. These unprogressive planters waited until one of their more up-to-date neighbors successfully used the poison to fight the boll weevil. As the results of the dusting were so uniformly effective this last season many thousands of these doubting Thomases have been converted and are now proclaiming loudly that they, too, are going to buy poison and use it next year.

A remarkable feature of this demand for calcium arsenate so far ahead of the consuming season is the fact that very little additional evidence will be available until next season's "bugs" actually appear. The case for the demand is closed, so to speak, but the real verdict can not be rendered until the first generation of the progeny of the hibernating weevil appears on the scene next year.

That the South wants a tremendous quantity of calcium arsenate is amply sustained by the evidence. There is no doubt also that this poison can not be widely used if it gets too high in price, and it is equally true that the lower the selling price the more actual consumption will finally result. The demand is for more and cheaper white arsenic to produce the commercial poison. Meanwhile the curious phenomenon is observed of the actual buying demand increasing months ahead of the season while the price of arsenic advances with leaps and bounds. This, of course, has pulled the price of the finished product along with it. But the South's real need is for a much greater supply of calcium arsenate at a lower, not a higher, price level than last season.

#### ARSENIC CORNER A MYTH.

The cry of speculation and an arsenic corner has been raised, but there is no evidence of the latter and the real speculative element is to be found among those consumers of long standing who months ago foresaw at least what their minimum requirements would be but refused to take advantage of the market level at that time. They have simply speculated on the short side of a bull market.

That any one merchandising house or group has effected a corner on arsenic is unbelievable and the smelters actually have been advising newcomers in the industry to stay out, giving as the reason for this advice that they will not have enough arsenic for their regular customers let alone any new ones. That this condition is not confined to the United States is indicated by constant communication with the producers the world over.

The impartial observer is forced to admit that if the smelters were trying to force a situation they would feel that the more new consumers the better, and they would hold out all possible encouragement in order to induce the building of new plants to use arsenic. As a matter of fact, the smelters or by-product producers of arsenic have not had to force the present situation nor can they control it; a logical sequence of events has created it in spite of them and will continue to control its progress despite anything the smelters themselves may do. While here and there a dealer may have accumulated some little tonnage in arsenic futures these parcels exist largely on paper, as they are mainly contracts for shipments obtained through second or third hands from abroad. Until foreign arsenic is actually afloat or stored in this country it can not properly be said to be held for speculative purposes.

#### DIRECT PRODUCTION STARTED.

The direct production of white arsenic from mispickel ore to supplement the smelter's by-product, which has been predicted by the writer when arsenic should reach present price levels, is an accomplished fact. Among several such ventures contemplated or undertaken, the Toulon Smelting Co. in Nevada has its product on the market and promises expansion if prices continue at higher levels.

It must be remembered, however, that the direct production of arsenic does not mean cheap arsenic and is not going to supply the cotton planter with the low-priced calcium arsenate demanded in such enormous quantities for next season.

The only direct production of arsenic which might result in lower priced calcium arsenate for next season is that controlled by the Salt Lake Insecticide Co., in Utah, whose process is based on a unique deposit of arsenical ore already oxidized by nature, which permits the direct production of arsenates. However, the present tonnage program of this new company is too limited to make even a dent in the demand for calcium arsenate in the South, especially as the alfalfa weevil in the Rocky Mountain States will also require a large quantity of this same insecticide.

It is idle for anyone to contend that arsenic can not go any higher without killing the demand. A higher price will affect demand, but it can not kill it. Arsenic has gone to higher price levels heretofore, and the product has been used for its usual purposes in orchard and crop sprays, weed killers, and glass; and the highest level to which arsenic has been forced in recent years was in the spring of 1920, when the first real excitement about a short supply of calcium arsenate for the South was ever heard. As a matter of fact, a considerable quantity of the calcium arsenate which was sold at a low price to the State of Georgia this last season was made out of the highest priced arsenic sold in 1920. True, it was sold at a loss, but this illustrates the always present speculative nature of the arsenical spray industry as heretofore conducted based as it was principally on a small package business. The calcium arsenate demand on a tonnage basis is changing this largely by creating a dependable demand, and it will be changed altogether when a dependable supply is made available. This must be a supply which will adapt itself to the demand from year to year and month to month.

A cold-blooded analysis of this kind of a situation should convince anyone interested that granting there exists a shortage of a given quantity of arsenic to supply an already developed and potential demand, then some of the users are going to pay very high prices to cover their needs, and other users will not get sufficient to cover their needs.



It is an interesting picture with many phases possible between now and the time the last carload of next season's insecticides moves forward to the consumer's freight station. Meanwhile, the puzzled consumers of both the arsenic itself and of the finished insecticides can not be sure whether the part of wisdom is to plunge into the market and try and cover their maximum estimated requirements, or, in the apt words of Robert Louis Stevenson, to "await events."

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**CALCIUM ARSENATE FOR BOLL WEEVIL CONTROL AND THE ARSENIC SITUATION—THE INSECT INFESTATION OF THE COTTON FIELDS OF THE SOUTH HAS DEVELOPED A NEW BRANCH OF THE CHEMICAL INDUSTRIES, THE GROWTH OF WHICH WILL BE CONTROLLED BY MANY AND CONFLICTING FACTORS, INCLUDING THE AVAILABLE SUPPLY OF THE PRINCIPAL RAW MATERIAL.**

(By Howard R. Ambruster.)

The insect pests as a group are said to be the most powerful enemy of mankind to-day, the hazard to humanity being the starvation of the peoples of the earth through reduction of crops. And that part of the chemical industry which is devoted to the production of compounds for the destruction of insect pests is believed by those engaged in it to be the most hazardous of any industry based on applied chemistry from every standpoint. Of the insect pests which have been identified and combated by the combined ingenuity of agriculturists, entomologists, and chemists none has attained more prominence or greater disrepute than the Mexican or cotton boll weevil (*Anthonomus grandis*), which, though it does not attack a food crop, is equally as destructive from an economic standpoint as any insect now known. In the battle for the control of the boll weevil in the cotton States of the Union, after many methods have been tried by Government officials and private investigators, the greatest encouragement that has resulted has been from the use of the compound known as calcium arsenate,  $\text{Ca}_3(\text{AsO}_4)_2$ . This product, made by the combination of arsenic acid and lime, is now manufactured in this country by about 15 or 20 of the companies making agricultural insecticides.

#### IS A SHORTAGE OF WHITE ARSENIC LIKELY?

The probable increase in demand for calcium arsenate for boll-weevil control has brought up the question as to whether the supply of commercial arsenic which is now available in this country and abroad is sufficient for any such quantity of calcium arsenate as some enthusiasts claim will be required annually within the next few years.

There are so many different factors, statistical and otherwise, which must be considered in reaching any conclusions on this subject that the latter are bound to be more or less controversial. But some phases of the situation are sufficiently defined to permit the contention that an acute shortage of arsenic probably will develop should the demand for calcium arsenate reach any sizable proportions. It must be acknowledged also that should the production of arsenic remain stationary, while the demand for calcium arsenate increases, the future program of the entomologists for the use of this spray for the cotton crop will be endangered.

That feature of the situation which is not appreciated by many of those directly interested in the industries affected is the fact that at present the world's available production of arsenic has no relation whatsoever to the market demand for the product. In this respect arsenic is somewhat unique among those products or commodities which may be described as basic raw materials. The white arsenic of commerce, or "arsenic oxide," is more correctly arsenic trioxide,  $\text{As}_2\text{O}_3$  (also known as arsenious acid and arsenious anhydride). Practically all of this arsenic which is produced to-day is the by-product of the smelters. It was first produced in the crude state at the smelters in what are known as bag houses attached to the furnace flues, and in more recent years by the Cottrell process by electrical precipitation of the arsenical or black dust from the smelter fumes.

As the attorney said in advising his client, the latter's case had a "nuisance value" which made it worth while; just so is the arsenic production regarded by metallurgists and smelters. It is a nuisance and has a nuisance value only. It is usually regarded as the most objectionable content of the precious and semiprecious ores, and any ore is selected for its low arsenic content in preference to another ore equally available and valuable but containing a higher percentage of arsenic. It will be conceded generally that if it had not been for the legislation directed against the smelters on account of the damage done by their fumes the use of arsenic as an agricultural spray material would have been seriously retarded from its inception for lack of sufficient supply of the raw material.

#### METHOD OF MANUFACTURE OF WHITE ARSENIC.

The crude arsenic as it is first collected varies in content all the way from 40 to 90 per cent  $\text{As}_2\text{O}_3$ , though the bulk of it approximates the higher level. To refine it to 99 per cent so that it is marketable as white arsenic the crude must be treated one or more times in volatilizing furnaces, by which process the other ingredients in the original crude product are separated and driven off with the exception of a minimum one-half to 1 per cent of impurities which are found in all commercial white arsenic. The crude product varies greatly in percentage and character of impurities which are at times extremely difficult to reduce, and the smelters therefore sell a certain percentage of their output as off-grade arsenic testing between 90 and 99 per cent.

This off-grade arsenic can be used for a part of the market requirements, but is unsuitable for the most important use, which is the manufacture of arsenic acid, or  $\text{H}_3\text{AsO}_4$ , the first step in the production of the important arsenical insecticides, lead and calcium arsenate.

It should be obvious, therefore, that in case of sudden increase of the demand for arsenic we shall have to look elsewhere than to the smelters, which produce the crude because they can not help themselves and refine it to make it marketable. The selling price has, therefore, no relation to the cost, but reflects in a way an open bidding by the consumers for the given tonnage of arsenic which is available each season.

The real cost of production comprises, first, the transportation of the crude to the refining plant, the volatilizing cost, which varies according to the number of treatments required, grinding if the product has solidified in the flues, and packaging for the market. If as an accounting policy a part of the actual cost of smelting is allocated to the arsenic by-product as such, a considerable item may be added to the total cost of the refined white arsenic, and as the latter is now a standard market commodity of wide distribution it is of course an entirely logical policy to divide total operating costs among

all of the various products of the smelters. But this point should be taken into consideration when considering the actual cost of production in relation to selling price.

The direct production of arsenic from some of the many low-grade iron ores (mispickel or arsenopyrites) containing a fairly high percentage of arsenic has been commercially attempted many times, but never with sufficient success to insure a stable enterprise. Should the demand increase to such a point as to put the market on a permanent level, about double its present selling price (6 to 7 cents per pound), many of these developments could undoubtedly be firmly established, but any such increase in the selling price of arsenic would seriously affect the cost of manufacture of calcium arsenate as well as all other arsenical spray materials. Calcium arsenate for boll-weevil control must be sold at an even lower figure than it is at present to insure the utmost development of its use and value to the South.

On the other hand, spray materials for all other purposes and likewise all other uses for white arsenic, should necessarily demand, can afford to pay increasing prices. This has been demonstrated in the recent past. So while it is a safe conclusion that the direct production of arsenic is a possible development at a higher price level for many other requirements it does not follow that the increased supply thus made available will contribute to the protection of the cotton crop. Aside from the various known methods of direct production of commercial arsenic from mispickel, the only other alternative is the possible development of the production of arsenical compounds for spray requirements direct from an arsenical ore.

#### USE OF ARSENATE ORE AS SHORT CUT.

A short cut to the final product precludes the process of extracting the arsenic as  $\text{As}_2\text{O}_3$  and its subsequent oxidation to  $\text{As}_2\text{O}_5$  and requires an ore in which the arsenic is present in its natural state as an arsenate instead of an arsenite. Deposits of the latter classification are found in many parts of the United States and elsewhere, but there is only one known deposit of the former in any appreciable quantity, and its development, though contemplated for some years, is still in the future as a commercial enterprise. A very considerable saving in final cost would result should it prove to be practicable to produce the commercial arsenical sprays such as calcium and lead arsenate direct from an arsenical ore and without the successive steps of refining white arsenic and converting the arsenic to acid before combining with the lime or lead.

#### EXTENT OF MARKET.

Of the 16,000 tons of arsenic which it is estimated is now consumed annually in the United States between 80 and 85 per cent is required by the insecticides and related industries such as the manufacture of weed killers and cattle dip. The bulk of the remainder of the total goes to the glass maker and for the manufacture of pharmaceuticals. Of the requirements for insecticides the largest part is converted into arsenic acid in about 25 different plants, mostly located in the East and Middle West. The majority of these are small and operate only a few months in the year. The same intermittent schedule of operation applies to the other plants, about 20 in number, including those which compound spray materials like Paris green direct from the white arsenic and those making weed killer and cattle dip. This irregularity of consumption has always brought the maximum demand within a few months for a basic raw material which is produced normally over the entire 12 months. The effect on the market price is obvious.

The other principal demand for arsenic, for the glass industry, is an all-the-year-round requirement, as is also the limited use of arsenic acid for the production of arsephenimine, or salvarsan, and small requirements such as for rat poisons, preserving hides, and the reduction of metallic arsenic. In times past arsenic was an important raw material for the dye industry, it being used in the production of fuchsine colors, but this method has been abandoned, and the industries enumerated above cover practically all the uses to which arsenic is now put.

Official figures indicate that the present production of by-product arsenic in the United States is at the rate of approximately 12,000 tons annually, and the remainder consumed here comes mainly from Canada and Mexico and from Germany, Japan, and Belgium.

The figures for the world's production of arsenic are exceedingly difficult to compile intelligently, as official statistics are irregular in classifying white arsenic with the crude, with ore content and with red arsenic, and with the metal itself.

From such figures as are available, however, it is evident that the annual production of commercial white arsenic from all world sources is not much in excess of 30,000 tons when the smelters are at normal production, and the total is probably less than that figure during the last two years of restricted metal output.

A large quantity of arsenic was imported into this country in years past from Spain and England, as well as from Germany, but more recently the English supply has been consumed at home or gone elsewhere, and unsettled conditions in Europe since the war have permitted the Japanese producers to make considerable inroads on the importations to America. In addition to the countries named, arsenic is also produced in South Africa, Australia, Greece, Portugal, and France, but in none of these countries is there any surplus for export to the United States.

The demand abroad is fairly stable, and the uses are similar to those in the United States, though a much larger proportion of the total is consumed by the industries other than the agricultural sprays. Of the latter broad classification the use of arsenic for cattle dips is in much greater proportion abroad than in the United States. In South Africa, South America, and Australia, where cattle raising is highly developed, the use of arsenic for dips preceded this use in the United States. All agricultural countries are using insect sprays in a greater degree than ever before, though nowhere to the same extent as the American farmer and fruit grower. The cotton planter abroad has his own weevil problems to help along the consumption of arsenic. There is no reason to believe, therefore, that a normal or steady increase in the world's consumption of arsenic will not keep pace with any possible normal increase in the by-product production of the smelters, and this leaves a margin of only a few thousand tons available at present prices for any abnormal increase in demand which the situation in the South may develop.

#### LOSS CAUSED BY WEEVIL.

Anything like an exact estimate of the actual loss caused by the boll weevil must be an exceedingly argumentative conclusion, based on unreliable premises. The shiftless planter blames on the weevil everything which he can not unload on the weather and the cotton



traders; the intelligent cotton raiser in boll-weevil districts tries every precaution or remedy recommended by Government and State officials and admits that the weevil is at least largely responsible for the difference between a minimum and a maximum yield per acre. However, there can be no valid objection raised to the statement that the loss to the cotton grower due solely to the destruction by this one pest has already reached a total of hundreds of millions of dollars.

#### POOR QUALITY OF EARLY PRODUCT.

When the use of calcium arsenate was first advocated a few years ago a number of manufacturers began to produce it. The quality of this first material was so irregular, however, that a great deal of distrust was developed, and this retarded greatly the use of calcium arsenate. In some sections the cotton crop was seriously injured by the high percentage of soluble arsenic. The resulting prejudice is so strong that it is very doubtful if the Government can ever altogether overcome it. In addition to the poor quality of the product, the lack of knowledge of how to apply it also caused considerable damage to the cotton crops. It is perhaps not unnatural that the ignorant negro planters cultivating a few acres of cotton should be slow to learn the proper way to use the insecticide. Chemical manufacturers, however, have not the excuse of ignorance which the poor negro planter has, and it is therefore not unreasonable to expect that they should have known better. The manufacture of calcium arsenate, according to the chemical and physical specifications recommended by Doctor Coad, the Government entomologist, is not a difficult problem, but many producers have found its manufacture tricky and many tons of material have been condemned by Government agents.

#### PRESENT PRODUCTION AND FUTURE ESTIMATE.

The production of calcium arsenate thus far reached its high point in 1920, when upward of 5,000 tons was manufactured in the United States. Much of this was made too late for the 1920 season, and was carried over for 1921. On account of the condition of the South last year, the use of this spray did not develop as expected, and part of the 1920 production was carried in stock for the second year. In some quarters it is felt that the prospects this season are for an extremely heavy demand. The manufacturers, with last year's disastrous losses in view, have declined to pile up any new accumulation of stock ahead of the selling season, and it is entirely possible that the demand this season will exceed the available supply, though this is not likely, as there are large stocks in the southern warehouses of many companies.

Such manufacturing capacity as the plants now have, if operated continually through the year, would be more than ample for any possible demand at present. In the recent past, however, the erratic market records for the product itself and for white arsenic, the principal raw material, have made it unwise to anticipate the demand before it actually comes about.

It is improbable that this marketing condition will continue to prevail should the demand for calcium increase as expected. But the estimating of just what the possible or probable increase shall be has led some of the producers far astray in the past and will probably continue to do so for years to come. One enthusiast in the early years of the use of calcium arsenate based his calculations on the number of acres planted in cotton in the South and the maximum amount of calcium arsenate which could be used per acre. The result was startling and disastrous to those who were influenced by the figures. There was not enough manufacturing capacity available or enough white arsenic in sight to produce in a long period of years the amount of calcium arsenate which would be consumed in a single season on the basis of this simple calculation. Far below the figures of that brilliant statistician is a conservative estimate for the ultimate consumption of calcium arsenate. When that time will be reached and whether more effective means will be devised in the meantime only a reckless prophet would predict.

#### PROBLEM OF PRICE.

It would be somewhat desirable to get a rough estimate of just how the price of calcium arsenate affects the extent of its use. Official recommendations from the Department of Agriculture advise the use of about 5 pounds of arsenate of lime per acre and at least four applications during the season if the weevils are actually damaging the crop. Calcium arsenate now sells at from 9 to 12 cents a pound, which represents more than half of the total cost of dusting the cotton. Assuming that we dust four times in a season and use 5 pounds per acre at 10 cents per pound, the poison alone would cost \$2. Adding \$1.50 for application, the total expense per acre would be between \$3 and \$3.50. When it is realized that the average yield per acre is a third of a bale and that cotton has been selling for as low as \$50 per bale, it is seen that the cost of applying the spray may represent a very considerable percentage of the selling price of the cotton. Dusting with arsenate of lime pays the farmer well if the control is successful and if the yield is a bale per acre or over, as it is in the heart of the Delta Cotton Belt. In the poorer sections, however, the situation is very different, and a planter who can not hope for over a quarter of a bale per acre would really just about as soon have the boll weevil eat his cotton as have his profits go to the manufacturer of calcium arsenate. If the price of arsenate of lime could be cut in half, this would very naturally extend its application to the poorer fields. Likewise, when cotton is selling at a high price, the cotton planter can afford to buy calcium arsenate, when otherwise he could not. It is not a simple problem, but one which involves considerable guesswork as well as experience in the yield of the particular land which the planter is cultivating.

Another handicap to the development of the use of calcium arsenate is the method of marketing the product, which has been both erratic and expensive. The product, being an agricultural spray material, has been handled along similar lines as other insecticides, the sale of which is largely a package proposition. Calcium arsenate is a spray material, but as a marketing proposition for boll-weevil control it must ultimately be sold on a tonnage basis and the margin for sales expense and middleman profit must be reduced to the minimum permitted for fertilizers and similar products. Time will bring about this change in the natural course of events, and the State of Georgia in a way has forced the issue this season by purchasing direct from a manufacturer and distributing to the planter at cost.

The production of calcium arsenate must be classified at present as an "infant industry," but it is evident to any careful investigator of all phases of the situation that a demand for a great many thousand tons will develop in the next few years if the price is low enough.

#### SUMMARY.

For every hundred pounds of calcium arsenate which is made, approximately 40 pounds of white arsenic is necessary. The supply of white arsenic annually consumed by this product thus far is not large, but it is an appreciable percentage of the total supply, which, it must

be remembered, is a relatively stationary quantity. The use of calcium arsenate for the boll weevil will increase, but at a rate which can not be anticipated. It will depend upon the supply of arsenic which is available, upon the price of cotton, upon the yield of cotton per acre, and upon the price of calcium arsenate itself. In addition, other uses of calcium arsenate are increasing from year to year, notably those which have to do with truck-garden produce. Finally, calcium arsenate has been recently recommended as an effective means of preventing the alfalfa weevil from spreading. It is barely possible that this use may eclipse the use of calcium arsenate as a cotton insecticide. Other uses of white arsenic in various insecticides are also increasing, and these uses can easily outbid the cotton market for the available white arsenic. It will be seen, therefore, that many factors enter into the use of calcium arsenate as a cotton insecticide. Besides those already mentioned in this summary, we must refer to such things as the fashions for cotton fabric, the smelting of semiprecious metals, the education of the southern dandy, and many others far afield from chemical engineering.

#### BILLS AND JOINT RESOLUTION INTRODUCED.

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. LODGE:

A bill (S. 4200) to authorize the payment of indemnities to the Government of China for damages sustained by its nationals as a result of the negligent or unlawful acts of persons connected with the military or naval service of the United States; to the Committee on Foreign Relations.

By Mr. CARAWAY:

A bill (S. 4201) granting an increase of pension to Nancy Ross; to the Committee on Pensions.

By Mr. CALDER:

A bill (S. 4202) to create a national police bureau, and for other purposes; to the Committee on the Judiciary.

By Mr. BALL:

A bill (S. 4203) to amend the insurance laws of the District of Columbia; to the Committee on the District of Columbia.

By Mr. McKELLAR:

A bill (S. 4204) for the relief of the William J. Oliver Manufacturing Co. and William J. Oliver, of Knoxville, Tenn.; to the Committee on Claims.

By Mr. KING:

A bill (S. 4205) to transfer to the Secretary of Commerce the powers, duties, and functions of the United States Shipping Board and the assets, properties, funds, and liabilities of the Emergency Fleet Corporation; to the Committee on Commerce.

By Mr. LA FOLLETTE:

A bill (S. 4206) making it unlawful to attempt to influence the determination of any proceeding pending before the Interstate Commerce Commission, or any examiner thereof, excepting under the rules and regulations of the commission governing its proceedings in the orderly administration of the interstate commerce law and the acts amendatory thereof; to the Committee on Interstate Commerce.

By Mr. McKELLAR:

A bill (S. 4207) for the relief of Victor M. Burris; to the Committee on Naval Affairs.

By Mr. LODGE:

A joint resolution (S. J. Res. 259) authorizing the President to abrogate the international agreement embodied in certain Executive orders relating to the Panama Canal; to the Committee on Foreign Relations.

#### THE MERCHANT MARINE.

Mr. McKELLAR submitted three amendments intended to be proposed by him to the bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes, which were ordered to lie on the table and to be printed.

#### PROHIBITION OF USE OF MAILS.

Mr. KING submitted an amendment intended to be proposed by him to the bill (H. R. 10598) to prevent the use of the United States mails and other agencies of interstate commerce for transporting and for promoting or procuring the sale of securities contrary to the laws of the States, and for other purposes, and providing penalties for the violation thereof, which was referred to the Committee on Interstate Commerce and ordered to be printed.

#### INVESTIGATION OF NICARAGUAN AFFAIRS.

Mr. LADD submitted the following resolution (S. Res. 383), which was referred to the Committee on Foreign Relations:

Whereas it has been charged on the floor of the United States Senate and substantiated in great detail by many newspaper reports that United States marines invaded Nicaragua in 1910, killed some 200 citizens of Nicaragua, took forcible possession of the capital of Nicaragua, and set up as nominal President of that country an employee of an American corporation who could not have remained for 48 hours without the backing of American marines; and

Whereas while the United States marines still remained in control of the Nicaraguan capital and United States naval officers virtually dictated the policies of its nominal "President," the United States Government consummated an important treaty with Nicaragua; and



Whereas the officer in charge of the United States military forces in control of Nicaragua admitted under oath before the Senate Committee on Foreign Relations that 80 per cent of the Nicaraguan people opposed the Government we set up arbitrarily and maintained by force and would have refused to ratify the treaty which was forced upon a nonrepresentative Government under our military domination; and

Whereas it is currently reported that an attempt to enforce the terms of this treaty obtained under these questionable circumstances has created disputes between the United States Government and certain other Central American nations involving territorial grants for a naval base and commercial concessions; and

Whereas the nominal Government of Nicaragua, still under the domination of United States naval forces, refused to abide by the provisions of an arbitral ruling handed down by the International Court of Justice at Cartegua, which court was instituted at the request of the United States Government, which also guaranteed to enforce its rulings; and

Whereas it is reported in the public press that with the aid of United States military forces democracy in Nicaragua is under the heel of a very small minority, which have seized political power and exploit the economic resources of the country under the direction of certain New York commercial firms; and

Whereas in support of this claim it is an admitted fact that Diego M. Chamorro is President of Nicaragua; Rosendo Chamorro, Home Secretary; Salvador Chamorro, president of Congress; Gustave A. Arguello, brother-in-law of President Chamorro, Secretary of the Treasury; Augustin Chamorro, Finance Advisor; Miguel Vigil, son-in-law of the President, Secretary to the President; Filadelfo Chamorro, military commander at the capital; Frutos Chamorro, commandant of the principal fortress at the capital; Leandro Chamorro, commandant at Corinto, principal port of Nicaragua; Charles Chamorro, military commander of the northern zone; Dionisio Chamorro, collector of customs; Octavia Chamorro, congressman; Clarence Berghelm, son-in-law of President Chamorro, military surgeon; Augustin Bolanos Chamorro, Nicaraguan consul at New Orleans; Fernando Chamorro, Nicaraguan consul at San Francisco; Pedro J. Chamorro, consul at London; Carlos Chamorro Bernard, diplomatic representative at El Salvador; Emillio Chamorro, Nicaraguan minister to Washington; Octaviano Cesar, brother-in-law of President Chamorro, financial agent; and Diego M. Chamorro, jr., attaché at the Washington Legation; and

Whereas resolutions adopted at a mass meeting of the people of Managua (Nicaragua) have publicly accused Dr. Maximo H. Zepeda, delegate to the Central American Peace Conference, now in session in Washington, D. C., of being "a traitor to his country," and "a lawyer of Wall Street bankers against the legitimate interests of his country"; and

Whereas the same mass meeting and other mass meetings and editorials in the Nicaraguan press have demanded the withdrawal of United States marines so that the Nicaraguan people can restore a representative government; and

Whereas it has been publicly charged by a United States Senator through the press that "The Nicaraguan people have been wholly deprived of any semblance of self-government and their national resources are being exploited in shameful fashion by American corporations under the protection of United States marines"; and

Whereas military occupation of Nicaragua, which has now continued for 12 years, has been declared by a United States Senator who is a member of the Senate Foreign Relations Committee to be "in contravention of international decency and in opposition to the legal rights and material interests of the Nicaraguan people"; and

Whereas no state of war exists between the United States and Nicaragua which would justify the permanent quartering of our military forces upon the territory of a friendly neighboring nation; and

Whereas the executive department has no constitutional powers to maintain such invasion without the consent of Congress; and

Whereas such permanent occupation conflicts with the traditional policy of the United States and is inimical to the continuance of friendly and harmonious relations with our Central American Republics: Be it therefore

*Resolved*, That the Senate Committee on Foreign Relations, or any subcommittee thereof, is hereby authorized and directed to hold hearings to ascertain the true state of affairs in Nicaragua; the facts concerning our original occupancy of that country; the reasons why United States military forces are still quartered there; the connection between certain New York commercial houses and the Chamorro-clan Government of Nicaragua; and the diplomatic conversations which preceded and followed the so-called Nicaraguan Government's repudiation of the decree of the International Court of Justice in disputed matters which concerned Costa Rica, Salvador, and Honduras, as well as the United States Government; and to this end that the Senate Foreign Relations Committee or its subcommittee be empowered to subpoena witnesses and documents which will throw light upon these matters; that the committee be empowered to employ agents, attorneys, stenographers, and to hold hearings in Washington or elsewhere as they may find necessary, and that the Senate Committee on Foreign Relations shall within six months report its findings and recommendations to the Senate or to the President of the Senate for the use of the Senate.

#### HOUSE BILL REFERRED.

The bill (H. R. 13374) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1924, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

#### COMMERCE AND LABOR APPROPRIATIONS.

The PRESIDENT pro tempore laid before the Senate the action of the House of Representatives receding from its disagreement to the amendments of the Senate numbered 1 and 3 to the bill (H. R. 13316) making appropriations for the Departments of Commerce and Labor for the fiscal year ending June 30, 1924, and for other purposes, and concurring therein; receding from its disagreement to the amendment of the Senate numbered 4 and concurring therein with an amendment as follows: In lines 13 and 14 of the matter inserted by said amendment, strike out the words "or the Secretary of Labor."

Mr. JONES of Washington. I move that the Senate concur in the amendment of the House.

Mr. ROBINSON. Mr. President, will the Senator state the nature and effect of the amendment?

Mr. JONES of Washington. The bill as it passed the Senate provided that a certain certification should be made by the Secretary of Commerce and the Secretary of Labor. It refers, however, only to proceedings of the Department of Commerce, so that the amendment strikes out "or the Secretary of Labor."

Mr. ROBINSON. Very well.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Washington that the Senate concur in the amendment of the House.

The motion was agreed to.

#### THE MERCHANT MARINE.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes.

The PRESIDENT pro tempore. The pending question is the motion of the Senator from Nebraska [Mr. NORRIS] to proceed to the consideration of the bill (S. 4050) to provide for the purchase and sale of farm products.

Mr. BROOKHART. Mr. President, at the conclusion of yesterday's session a question was raised by the Senator from New Mexico [Mr. JONES] to the effect that the shipping bill would not be of any aid to the coastwise shipping. That is the way I understand it. I would like to inquire of the Senator from Washington if that is correct?

Mr. JONES of Washington. The bill does not affect the coastwise shipping.

Mr. BROOKHART. Mr. President, I have some information with reference to the apple situation which I desire to place in the RECORD this morning. On the 17th instant I sent the following telegram to the president of the Farmers' Union, Washington State:

WASHINGTON, D. C., December 17, 1922.

JOHN QUINCY ADAMS,  
President Farmers' Union, Spokane, Wash.:

In the Senate we are trying to substitute consideration of the Norris marketing bill for the ship subsidy bill. Our purpose is to defeat the subsidy and provide immediate relief for marketing of farm products by governmental action. I am also informed you are destroying one-third of your apple crop because price will not pay freight, and that you will dump 10,000 carloads in the Columbia River. Wire me the facts and also your advice as to action upon the subsidy and marketing bills.

SMITH W. BROOKHART.

To that telegram I received this morning the following reply:

SPOKANE, WASH., December 19.

Senator SMITH W. BROOKHART,  
Washington, D. C.:

You are correctly advised on apples. Same conditions true of potatoes, tomatoes, and other seasonable products. Farmers favor any legislation that will provide immediate relief. All opposed to ship subsidy. Letter follows.

J. Q. ADAMS.

Mr. Adams, as I said, is the president of the Farmers' Union of the State of Washington.

Mr. WALSH of Massachusetts. Mr. President, may I ask the Senator how many members there are in that union?

Mr. BROOKHART. It has a large and active membership in the State. I could not give the exact number, though I know it is a large and active organization. There are over 1,000,000 members in the United States.

Mr. President, it would seem to me that the voice of the people in the far West is just like it is in the Middle West and, for that matter, in the East. I think the common people of the country everywhere are against this special legislation. I hope the Senator from Washington [Mr. JONES] can hear something in that voice. He himself read some letters at the beginning of the consideration of the bill which were of the same tenor as the telegram I have read. I believe his own State is just like the State of Iowa when its wishes in this matter are thoroughly understood.

At this time I had expected to put into the RECORD certain data in reference to cooperative marketing as the solution for this situation. I have not, however, collected that material completely, and so I shall reserve it until such time as I can have it completed for use on a future occasion. With that statement I will now yield the floor.

Mr. NORRIS. Mr. President, the Senator from Rhode Island [Mr. COLT], whom I do not now see, had a small matter which he desired to bring up, and I told him I would have no objection if it took no appreciable length of time.

Mr. JONES of Washington. I suggest to the Senator from Nebraska that the Senator from Rhode Island has submitted the matter to the Senator from Mississippi, who wished to look over it for a little while.

Mr. NORRIS. Very well. Mr. President, the pending motion, if it should prevail, would have the effect of displacing the so-called ship subsidy bill and bring immediately for consideration



before the Senate the bill named in the motion. That bill has been reported from the Committee on Agriculture and Forestry and has behind it the unanimous report of that committee. The bill is not offered as a remedy to cure all the evils afflicting this country or even those afflicting agriculture.

Mr. STANLEY. Mr. President, will the Senator from Nebraska yield to me?

Mr. NORRIS. I yield to the Senator from Kentucky.

Mr. STANLEY. Does the Senator state that the bill reported from the Committee on Agriculture and Forestry had the unanimous support of the whole committee?

Mr. NORRIS. It had the unanimous support of all Senators who were present, and there were many more present than a quorum, there being only one or two absentees. The bill was ordered reported on a roll call from the committee without a dissenting vote.

Mr. STANLEY. I understand the Senator to assert that every member of the committee favored the bill?

Mr. NORRIS. Probably not.

Mr. HARRELD. Mr. President—

Mr. NORRIS. I yield to the Senator from Oklahoma.

Mr. HARRELD. I think it would be proper for me to state that at the time the bill was reported out certain members of the committee, including myself, reserved the right to oppose the bill or any part of it on the floor of the Senate.

Mr. NORRIS. Mr. President, both the Senators who have just spoken anticipated me, for both of them have made statements that I would have made had I not been interrupted. There were only two Senators, however, who expressed the opinion that they might oppose the bill. Others stated that they would favor certain amendments and one Senator in addition stated that he expected to offer certain amendments to the bill should it be taken up for consideration. I am not trying, either directly or indirectly, to bind any member of the Committee on Agriculture and Forestry. I think, however, that the Senate ought to know that the motion to report the bill with the amendments which we have suggested received the unanimous vote of every member of the committee who was present; and nearly all of the members of the committee were present.

As I have stated, Mr. President, the pending bill is not presented as a remedy for all the evils that affect even agriculture. We do think, however, that it will meet one very important contingency. It is, we must concede to begin with, a remedy that is new. It provides a new method of attempting to regulate trusts and combinations that are dealing in food products. It proposes to do that by setting up a governmental corporation with a capital stock of \$100,000,000, to be contributed entirely by the Government of the United States, with the right to issue bonds not exceeding at any one time five times the amount of the paid-in capital, whatever that may be. The corporation proposed to be created by the bill will be handled by a board of directors consisting of three men, to be appointed by the President by and with the advice and consent of the Senate, holding office under a term of eight years; but the first appointments are made one for four years, one for six years, and one for eight years, and thereafter for eight years as vacancies may occur. The corporation will have power (1) to build, buy, lease, and operate elevators and storage warehouses; (2) to buy agricultural products from any person, firm, or corporation, or cooperative organization of producers within the United States, and to sell such products to any person, firm, or corporation, or cooperative organization of consumers within the United States, and to any person, firm, or corporation, or cooperative organization of consumers, or to any government or subdivision of government without the United States; (3) to act as agent of any person, firm, or corporation, or cooperative organization producing or dealing in agricultural products, either in their natural or prepared state, within the United States, in the sale of such products either within or without the United States; and (4) to make advances for the purpose of assisting any person, firm, or corporation, or cooperative organization in financing the sale, or exportation and sale, of such agricultural products, but in no case shall any of the money so advanced be expended without the United States.

There are some provisions of the bill in regard to the net earnings of the corporation. It is provided:

SEC. 11. That the net earnings of the corporation not required for its operation shall be accumulated as a reserve until such time as such reserve amounts to \$100,000,000; and thereafter all the net earnings of the corporation not required for the redemption of any of its bonds shall be paid into the Treasury of the United States until such payments equal the amount advanced by the United States for the capital stock of the corporation.

There are also certain other provisions, which ought now probably to be stated, in regard to the taxation. The bonds to be issued by the proposed corporation "shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except," as follows:

(a) Estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess-profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, corporations, or associations. The interest on an amount of such bonds the principal of which does not exceed in the aggregate \$5,000 owned by any individual, partnership, corporation, or association, shall be exempt from the taxes referred to in clause (b).

The franchise of the corporation is not taxable; neither is the surplus, nor its reserve, nor its capital stock; but any real estate owned by it is subject, the same as other real estate, to taxation by the taxing authorities. The provisions in regard to exemption from taxation, as I remember now, are copied verbatim from the War Finance Corporation act, with the exception, perhaps, of one provision which is copied from one of the Liberty loan acts, exempting the income of \$5,000 worth of bonds owned by any one person.

Then, Mr. President, there are various provisions in the bill of a criminal nature imposing punishment for violation of the various provisions of the act.

The bill contains one other proposition that I deem of considerable importance. It provides—and this has some relation to the ship subsidy bill that we are seeking to displace—that to this corporation shall be turned over by the Government any ship or ships that it owns, not chartered to any other corporation or not in use, with the provision that this corporation can use such ships as may be necessary in transporting the products it handles from this country to foreign ports without any compensation for the use of those ships except to keep them in repair and pay the expense of operation, and that in case of war, or when the President at any time believes there is danger of war, he shall notify the corporation, and the ships shall be immediately turned back without the payment of any money. This will enable the Government to recuperate its merchant marine without any expense whatever.

As to the intention of the bill, I quote from its terms as follows:

It is hereby declared to be the object and purpose of this act to provide a market for the sale of agricultural products, and to eliminate as far as possible the commissions and charges that are exacted upon agricultural products from the time such products leave the producer until the same reaches the consumer, and to thereby increase the price which the producer receives and decrease the price which the consumer pays.

Mr. President, it will be seen from the brief outline of the bill which I have presented that it seeks to set up a gigantic middleman who shall stand between the producers and the consumers with the object of benefiting both. As I said at the beginning, it is a new remedy; so far as I know nothing of the kind has been attempted in this country in the regulation of trusts and combinations. We have had, Mr. President, the regulation of railroads and trusts and combinations for a great many years; we have paid enough money in the effort to regulate the railroads to buy a large portion of them; and I think every student of the subject must admit that the undertaking has proven to be a failure. We have been regulating trusts and combinations for many years; but to-day we have more trusts and combinations exacting toll for the products of the farm as they travel from the producer to the consumer than ever before in the history of the United States. So we are confronted, I think, with a condition that is abnormal, a condition that so far is unmastered, a condition that everybody admits ought to be changed and remedied; but the laws up to this time, although enacted with the best of intentions, have not brought about the remedy.

The producer is producing at a loss, while the consumer is paying exorbitant prices; the farmer gets too little; the consumer pays too much. As a remedy the bill proposes to set up a corporation, and our idea was to free that corporation of shackles of all kinds and to make it as free within its field as outlined as a natural person would be under existing conditions.

With its capital, with its ability to buy, to store, to loan, and to sell even on time, it seemed to me and it seemed, I think, to those who favored this character of legislation that if we shall pass this kind of an act we will have put into competition with the trusts that are now engaged in various kinds of businesses a gigantic person, with an enormous capital, having for its object justice instead of profit, having for its object the



alleviation of the difficulty that confronts the producer and likewise confronts the consumer.

Mr. President, the Committee on Agriculture has not jurisdiction to cover all the evils that exist to-day and that confront agriculture. There is no intention in proposing this bill to interfere in any way with any proposition that may come from the Banking and Currency Committee that will provide for rural credits. I realize that that is an important kind of legislation. I favor it just as much as does anyone else, and we are not offering this bill to take the place of any such legislation. It ought to go hand in hand with it. Those who favor this legislation will be found doing their best to bring about the passage at this session of Congress of proper rural credits legislation. We realize, too, that there is another very important difficulty that confronts all the people of the United States, and that is the freight proposition, the railroad question. The Committee on Agriculture has no jurisdiction to solve that. After all, Mr. President, a railroad is nothing more nor less than a gigantic middleman. It makes its money, all of it, upon the products as they travel from the producer to the consumer. Of itself, my personal opinion is that it presents the most important single question among the difficulties to-day in our cost of living and in the trouble that now afflicts the producers and agriculturists of this country.

So, Mr. President, I do not want to convey the idea that we are offering this legislation as a cure-all for the difficulties that exist, nor that we are offering it to take the place of any legislation that will bring about cheaper freight rates, or any legislation that will bring about a proper law providing for rural credits; but I want to pause here to call the attention of the Senate to one viewpoint that I think we ought to have in mind on rural credit legislation.

There is such a thing as credit being injurious. However low we fix the rate to the farmer, if we offer to loan him money on the products that he has produced, unless there is reasonable ground to believe that at the maturity of the loan he will be able to sell his product at an advanced price, enough to pay the interest and give him a profit, such a loan is an injury rather than a benefit. The time will come, the time must come, when there must be liquidation. No matter how low the rate of interest, no matter how long the money may be loaned, the loan is going to mature some time; and if the product in the meantime is not enhanced in value and the market conditions are just the same as, or practically no better, than they were when the loan was made, it spells bankruptcy in the end. However low the rate of interest may be, in time it will eat up the product and bring ruin instead of prosperity.

I do not want anyone to get the idea now, because I have said that, that I am opposed to rural credit legislation or that this bill is offered as a remedy on that score. We believe that one of the difficulties in the cost of living, and one of the serious questions presented by the producer on the farm, is that the marketing conditions are so unfavorable. There must be a place to sell the product, and as it travels from the man who produces it to the man who consumes it it must not be eaten up by profits of the middleman.

If we remedied the railroad difficulty, and if we provided proper rural credit facilities for the producer, there would still be the enormous expense connected with the sale of the farmer's products, all of which must be paid by the consumer or lost by the producer. The railroad question is only one of those, as I said awhile ago; and in all the figures that are given about the cost, freight is an important item, but not the only one.

Mr. DIAL. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from South Carolina?

Mr. NORRIS. I yield to the Senator.

Mr. DIAL. I should like to ask the Senator whether we are taking any steps to improve the transportation facilities in this country?

Mr. NORRIS. I do not think so, and I think we ought to; but as we look at it the Agricultural Committee is helpless to do that.

Mr. DIAL. Only yesterday I received a communication stating that one of the largest coal mines in the South was shut down four days last week because it did not have a single car; so it seems to me that we should put some of our energies toward trying to improve the transportation facilities in this country.

Mr. NORRIS. I think so. I think, Mr. President, as I said before, that it is the most important one item; it is the largest item of all, I think, on most commodities—not all of them.

The people of the country do not realize that every dollar charged for freight must be paid by the consumer in the end.

They do not realize that every manipulation that has ever taken place from the beginning of railroad history down to the present hour by which water has been converted into gold has been done at the expense of all the people of the United States; that a freight rate is paid upon everything that is transported, in the same way and to the same extent that we pay our taxes to the tax collector. Every particle of water in the railroads, variously estimated to amount to from seven to ten billions of dollars, that has been made of value—and practically all of it has—has been made so by the toiling masses of the American people. We have paid for it just as completely and just as fully as though it were an itemized statement on our tax receipts when we pay our taxes. If the people realized that, if they really understood that after all freight charges are a part of the cost of living, that they are taxation under another guise—as the Senator from Iowa [Mr. BROOKHART] said, in reality taxation without representation—they never would stand for the gigantic manipulations that have taken place in the 50 or 75 years in our railroad system.

I was reading the other night a history of the New York Central road, and it is a story that applies to most of the big railroad systems. It showed how in the beginning here was a little road, and here was another little road. After a while they met in the same town and terminated there. The owners of one road and the owners of the other road got together and combined them. That was a good thing, I think. I am not objecting to that. They made it one continuous road. They added the value of this road to the value of that road, and then they added about a third in capital stock that was issued without any consideration whatever. Over here was another little road. Here was another little one. They were put together in the same way, and so on, until, gathered together, they constituted the great system of railroads known as the New York Central; and every time they were put together, without any exception, a whole lot of water was poured into the capital stock, and by the operation of the printing presses the American people were saddled with a debt upon which we have been paying interest ever since. We are not only paying interest on it but by our toil, by our money, by our labor we have turned all that water into gold, not for our benefit, not for our financial advancement, but for the benefit of the fellows who are doing the manipulating.

That would not be so bad if it were not for the fact that after it has been done, after we have toiled, paid rates that made water good, and made it 100 per cent or better on the stock market, we have then been saddled with a freight rate sufficient to bring an income for a reasonable rate upon all that capital stock that we ourselves made by our own toil. So that the people have not only been confronted with capitalization without any value being put in, but after they have done that, after their own money, their own toil and labor have been spent to make it good, they have then been penalized for their own generosity by being compelled through all time to pay a freight rate that would make that kind of business profitable.

Mr. President, the continual pyramiding that has been going on from time to time in this way with our railroad systems has finally reached a climax, and rates have gone so high that, in my judgment, we must either by some means or other reduce freight rates or we must reconstruct our civilization on a new basis, using the railroads of the country as a basis for our operations.

Mr. STANLEY. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Kentucky?

Mr. NORRIS. I yield to the Senator.

Mr. STANLEY. I am very much interested in what the Senator says. Has the Senator any remedy to suggest for the condition of which he speaks?

Mr. NORRIS. Mr. President, I do not want to be led into a discussion of that subject.

Mr. STANLEY. I do not want to anticipate the Senator, of course.

Mr. NORRIS. No; I do not expect to discuss a remedy for the railroad situation. I realize that it is not in the bill that I am trying to get up and therefore I did not intend to discuss it at all; but it has been brought out by a question. The question of the Senator will lead me still further into the side field.

Mr. STANLEY. I do not wish to do that; but, since the Senator has discussed the matter—and I am glad to know that he is interested in it—here is the proposition that disturbs me: It is true that there is no defense for the fantastic financial operations of which many carriers were guilty in years past, resulting in the watering of stocks and the issuing of fictitious securities in vast amounts; but, quoting from memory now, I



think it was in the fiscal year 1920-21 that we carried more freight than in any preceding year, and we collected in excess of \$500,000,000 more money for carrying that freight. Yet the earnings of the roads were less than 4 per cent, below 3 per cent, on the capitalization. The operating cost mounted from a little over 60 per cent to nearly 90 per cent of the total cost. So the trouble that confronts us now is not the question of the capitalization of the roads so much as the fact that the cost of operating these systems, even if nothing were paid upon the securities at all, is practically prohibitive in a great many cases.

Mr. NORRIS. Mr. President, as I said to the Senator before, I do not want to go into that question at much length, because it is not before the Senate. I have some definite ideas about it. I think the capitalization would not be the only question involved in the railroad situation. I do not mean to suggest that. It would be one of the very important things. To my mind, just briefly, without intending to go into a detailed discussion, the capitalization of the railroads must come down. In my judgment, they will and can be managed more efficiently than they are being managed now. Instead of there being a great many railroads they ought to be combined into one system, or at least into a less number of systems. While some road is failing, some other road is making an exorbitant profit.

While the Senator could, no doubt, give illustrations of what he has just said, I can, to counteract that, state that the great Burlington system for years paid to its stockholders dividends running all the way from 8 per cent to 25 per cent; that during that time they accumulated a surplus of \$60,000,000; that within the last year or two they have been allowed by the Interstate Commerce Commission to issue stock dividends amounting to \$60,000,000 on that surplus. Whose surplus was that? Who paid for the surplus? It was paid for out of the cost of living of the American people. Every man who wears a coat or a hat or eats food or rides in an automobile or a horse-drawn carriage has contributed his share to that surplus. During all the time it was accumulating they were making profits that were beyond what they ought to have been allowed to make.

The surplus, instead of being issued in the way of new stock, ought to have been used for the purpose of retiring either stock or bonds, and thus lessening what the people would have to pay in the future instead of increasing it. So in that case the people have paid more freight than they should have paid, amounting on one road to \$60,000,000, and now for all time we and posterity have to pay higher freight still, in order to bring an income on that \$60,000,000, which in reality was our money in the very beginning.

Mr. STANLEY. Mr. President, will the Senator yield further? Mr. NORRIS. I yield.

Mr. STANLEY. At one time I was led to hope, with some degree of probability that the hope was well founded, that the consolidation of railroad systems would remedy this evil, and I voted, with much reluctance, notwithstanding its multiplied iniquities, for the transportation act of 1920, which provided for that very thing. I have since come to the conclusion that the remedy suggested by the Senator and the remedy contained in the transportation act of 1920 is worse than the disease.

As the Senator has pointed out, the trouble with us now is that this very consolidation about which he talks prevents cheap rates anywhere.

The Senator knows of the reckless building of railroads, the financing of all sorts of lines, the practice that existed for so many years of going out and bonding a road for what it was worth, and arranging so that whenever any stock was bought the return was velvet to the fellows who sold it; the bonds paid for the roads. The conversion of stocks into bonds, and the like, has curtailed that evil, and now you have roads recklessly or dishonestly financed, illy located, which can never be operated at a profit at anything like their capitalization, and on the other hand roads which were sanely financed, which were laid along the lines of industrial needs and which make great profits. Whenever you attempt to distribute that profit, and carry these lame ducks, you consume the profit of all. The only way I see to lower freight rates is to enable the roads which can operate at a lower cost to operate in that way, and not to force them to turn over their earnings to some other allied road, or some road artificially consolidated with another, which never was a financial success, and never will be.

Mr. NORRIS. Mr. President, with the latter part of the Senator's statement I most fully agree. I know there are a good many evils in the act the Senator mentions. So many there were that I voted against it when it passed the Senate. I am not doubting but that many, many Senators voted for it with the best of intentions, and they may still think that it was proper. Some, like the Senator from Kentucky, have

reached the conclusion that it was a mistake, as I construe his remarks.

I would not combine these railroads and take in what the Senator describes as lame ducks at stock and bond face value. If men get together and build a railroad where there should not be any, and lose money by it, they ought to be in the same predicament I would be in if I go into the manufacturing business where there is no demand for the product I turn out and fail. I would have simply lost out as a business proposition. There is no reason why all the taxpayers of America should make good the mistakes of financiers who build railroads where there should not be any, and those railroads ought not to be permitted to charge rates on their excessive valuations. If they can not maintain themselves on what would be a fair rate, then they ought to fail, as any other business ought to fail under such circumstances. They have made a mistake. There are some roads in that condition, I have no doubt, although I do not claim to be an expert.

I want to say briefly, in passing, because the Senator asked me the question, if I had my way I would meet the railroad question along the same lines I have attempted to meet this question. I would organize a governmental corporation and take over some of the railroads of the country, perhaps not all, but many of them, at what they are worth and operate them for service instead of profit. Railroad transportation is as common as the water we drink. It enters into everything we eat, or wear, or handle, either for necessity or for pleasure. We ought to get the speculation out of the railroads and whatever squeezing process is necessary in order to do that ought to be administered. A corporation operating these railroads along the lines I have suggested would bring every railroad down to a fair, honest system of profit, and would squeeze out the water.

Going back directly to the subject again, I have outlined three difficulties which, in my judgment, confront the farmer and confront the consumer; and, after all, I am just as anxious to protect the rights of the consumer as I am to protect the rights of the producer. I am not aware of having any prejudice or bias in favor of the producer as against the consumer. According to my judgment, if we are perfectly honest and meet the question fairly we will find that what is fair to the producer will be fair to the consumer. I think their interests are identical. The consumer can not afford to want the producer to produce at a loss, because in the end it would mean the ruin of the consumer as well as of the producer. The producer can not expect to produce at an unreasonable profit, because thereby he loses to a great extent his best customer, who is not able to consume so much. So if the producer makes a fair profit the consumer ought to rejoice. If the consumer is not compelled to pay an exorbitant price, the producer ought to rejoice. This bill is intended to protect one as well as the other.

Going, now, to the condition of agriculture, we have heard a great deal about it in the committee, and we have heard a great deal about it here. We have read a great deal about it in the newspapers. Every honest man who has fairly considered the subject or investigated it, without bias and without prejudice, must reach the conclusion that the conditions surrounding and overshadowing the producers of our country are horrible; they are outrageous.

I listened to a description of the condition of agriculture before the committee until I wanted to escape from the committee room. It had the effect of depressing anyone who was listening to it all. It is almost beyond imagination that in our great West, Middle West, and Northwest the producers of the country are brought down almost to a state of poverty. Most of the men who appeared were so-called country bankers, and we had testimony from the bankers of North Dakota, where the farmers produced a crop this year.

The bankers are interested in this matter because the ruin of the producer means the ruin of the country banker. They are in the same boat. If we help the producer and enable him to pay what he owes the country banker, we have helped the banker.

We were confronted with advertisements of tax sales. Newspapers were presented with 9 or 10 pages filled with notices of farms for sale in one county under the tax laws of the State, every one of them mortgaged. As a rule, the personal property was mortgaged, the farmer being unable to pay even the taxes, being unable to pay the interest on his farm mortgage, being unable to pay the note which he owed the local banker, or even the interest on it, and all that after he had produced a crop beyond the normal, a crop which everybody concedes cost him more to produce than he could get for it. The farmer has been confronted with the fact that everything that he has to buy must be bought at prices fixed by trusts and combinations



which made the prices so high that it meant ruin to buy, and it was ruin if he did not buy. That is the condition of the farmer.

We were told that in one county, for instance, 19 men had committed suicide within the last few months. Eighteen of them were farmers who had become insane, living and toiling for years from early morn until late at night. They had some failures a few years before, but they kept on remortgaging until they had mortgaged everything they had, and it was all done with the hope that some time they would produce a crop; and year after year they kept on, and this year they produced a crop, but found that when the crop was produced they were worse off than when they did not produce any. Men were unable to care for their families, seeing their little homes disappear under foreclosure proceedings, becoming insane, and being taken to asylums for the insane. As I said, 18 committed suicide in one county.

What is the remedy? In my judgment, if the farmer's crop thus produced could have reached the consumer without an unreasonable premium being exacted from all kinds of people, including the railroads, he would have made some money; he would have been able to pay some of his debts and he would have kept on farming next year. As it is, he can not do it. Something ought to be done to relieve him. He is brought into that condition through no fault of his own. We have invited men to go west and open up the great prairies of the country and irrigate the lands on the coast and in the intermountain region.

I have here a little notation that I made in conversation with a man who came here from an irrigated section in Nebraska where they raise immense crops. He is a banker there, and he told me just yesterday that in his vicinity one man had produced 20,000 bushels of potatoes. The man made a mistake in raising potatoes this year. He said that if that man had produced sugar beets, while he would not have made much, he would have made something, but he produced 20,000 bushels of potatoes. He did not have money enough to harvest them. He had to borrow some money. The man who was talking with me was one of the officers of the bank in the locality that loaned him \$2,000 on his potatoes. They were harvested carefully and stored in a cave, where they are now. He is unable to sell them for a price that will pay anything like the cost of production.

Mr. STANLEY. Mr. President—

Mr. NORRIS. I yield to the Senator from Kentucky.

Mr. STANLEY. The potato crop is always uncertain. One year it is a big crop and the next year it is a little crop. The famines in Ireland are attributed to the capriciousness of this crop. Where there is a full crop it will produce more of essential foodstuffs to the acre than any other crop known, and the next year it is liable to be a complete failure. In Germany they have equalized this seasonal change by turning potatoes into alcohol, which is under normal circumstances just as salable a commodity as gasoline.

Does not the Senator think that a sane regulation of the manufacture and sale of alcohol would relieve the farmer very much and find a market for the potatoes? Millions of gallons of that alcohol could be used in coloring everything we use, in driving automobiles, in making automobile tires, in 500 different essential articles, but that business is practically at a standstill on account of the arbitrary, indefensible, and absurd regulations of the Government in controlling the manufacture and sale of alcohol.

Mr. NORRIS. Let me say in answer to the Senator that no legislation would cure all the evils. The market for potatoes, like the market for other products, will go up and down. There is no question about that. Neither is there any question but what the charges for potatoes, as they travel from the man who produces them to the man who consumes them, are many, many times the original cost of the potatoes. What would we have to pay for potatoes in Washington if we bought them now?

Mr. STANLEY. If the Senator will permit me further to interrupt him, the German farmer takes a load of potatoes and hauls it to a near-by distillery. The starch in the potatoes is converted into alcohol there. The other food values in the potatoes are brought right back and fed to his stock. There is no transportation problem except for the alcohol itself. The potatoes grown in this country and referred to by the Senator could be thus converted. Every potato in the United States could be converted to-morrow into salable alcohol and we would have very little transportation to pay if the Government would act with some common sense.

Mr. NORRIS. That might help it to some extent. I am not claiming that it would not. In fact, I think it would help; but it would not be the only remedy. We ought to make it

possible for food products in America to travel from producer to consumer without such an exorbitant cost.

One of the men testifying a year or so ago before the Committee on Agriculture and Forestry was the representative of a cooperative association of fruit raisers in California. They produced various kinds of fruits. He told the committee that they had on hand at one time a vast quantity of some certain kind of fruit—I have forgotten just what it was. He was the manager of that organization; he was the only man in the corporation who was not an actual producer. He was hired and paid a salary to handle the sales of the producing corporation. He said that a year or so before he was testifying he found himself confronted with the fact that one of the products he had a very large supply in the warehouses. He was not able to sell it. They sold only to wholesalers and jobbers. They would not dare to sell to retailers, and his ordinary customers would not take the product because it was not selling. So he got out some circular letters and sent them to the retail trade, a great many hundred of them, and put a price on the product. Immediately the orders commenced to come in and the product commenced to move. But about that time he commenced to get letters from the jobbers and wholesalers, and he called the attention of the committee to one letter in particular from a jobber, which said:

We have recently ordered several carloads of some other kind of fruit from you. This is to notify you that that order is canceled and that we will never do any more business with you, because we have learned that you are trying to sell to retailers.

He was asked what he did. He said that he apologized, that he wrote to the wholesalers and the retailers who protested, and said if they would forgive him he would never do it again. He quit that kind of business; he said he had to do it or go out of business altogether. There were several middlemen whose pockets had to be lined at the expense of the producer and the consumer. This man, of course, might have made complaints under the antitrust law, but if he had had any experience in going through our courts—or even if he had not, he probably could see from observation what would happen—he would realize that he would have been out of business long before the suit had traveled its weary way and been finally determined by the Supreme Court of the United States.

He said one of the things they produced in large quantities and handled and shipped was a certain kind of grape of exceptionally fine quality. He told us what the fruit producers received for those grapes that year. I think it was a fraction either over or under 2 cents a pound. When he got here to Washington he went down to the market, where even the retailers buy their fruit here, and bought some of the same grapes, some of his own grapes, and he had to pay something over 25 cents a pound. He knew exactly what the freight was. He was an expert. It was a very small portion of the price, although unreasonably high. The balance was taken up in commissions to the middlemen.

Mr. REED of Missouri. Mr. President, will the Senator answer a question?

Mr. NORRIS. Certainly; if I can do so.

Mr. REED of Missouri. Did he buy those grapes on the public market?

Mr. NORRIS. That is my recollection.

Mr. REED of Missouri. The public market and public regulations do not seem to have worked very well.

Mr. NORRIS. Of course they do not work very well. There were too many middlemen between the producer and the man who sold it on the public market.

Mr. REED of Missouri. That is true on the public market when one buys direct from the farmer.

Mr. NORRIS. Yes; probably that is true.

Mr. STANLEY. It was some time ago that he had the trouble about the grapes?

Mr. NORRIS. Yes.

Mr. STANLEY. Several years ago?

Mr. NORRIS. Yes.

Mr. STANLEY. Five or six years ago they were selling raisin grapes in Fresno County for 1 cent a pound. After the enactment of certain legislation here a great farm organizer of the West stated that those grapes went up to 30 cents a pound. Grapes went up within six months on the Great Lakes from \$10 or \$20 a ton to \$120 a ton. The difference is this: The home brewer is utilizing the grapes to make beverage alcohol, and we can not utilize potatoes to make industrial alcohol.

Mr. NORRIS. I have a letter on my desk written from Hyannus, a point in the western part of Nebraska, where a man in the general merchandise business bought a carload of apples which were shipped to him from Idaho. The freight on the carload of apples from Idaho to Hyannus, Nebr., was



\$508.53. It does not take an expert to tell that there is something wrong with that.

While the producer is laboring under these difficulties and while the consumer is paying exorbitant prices on account of the taxation of the product as it travels from one to the other, what is the condition of big business? How is big business getting along? The junior Senator from Iowa [Mr. BROOKHART] yesterday put some figures in the RECORD, and I want to call attention to some of them. The first is a quotation from the Wall Street Journal of December 5, 1922. The heading is:

1922 stock dividends—

That means the escaping of taxation—

1922 stock dividends now over \$1,000,000,000. Standard Oil Co. declared over three-fourths of this enormous record-breaking figure.

Then it gives a list of many of them, and has this to say:

More stock dividends to come.

They are not through:

There are also proposed capital increases waiting approval of stockholders. For example, Prairie Pipe Line's proposed stock dividend will be \$54,000,000 and that of Prairie Oil & Gas \$36,000,000. If these and others contemplated go through, they will aggregate \$500,000,000, which would bring the year's total above \$1,500,000,000.

It is interesting to notice some of the dividends. I shall mention only a few. There was the American Machine Foundry Co., which declared a stock dividend of 200 per cent, amounting to \$4,000,000. The Atlantic Refining Co. declared a stock dividend of 900 per cent, amounting to \$45,000,000. The Bigelow-Hartford Carpet Co. declared a dividend of 100 per cent, and the Great Northern Paper Co. 200 per cent. The National Biscuit Co. declared a stock dividend of 75 per cent, amounting to \$21,920,000. The Standard Oil declared a stock dividend of 100 per cent; the Standard Oil of Kentucky 33½ per cent; the Standard Oil of New Jersey 400 per cent, amounting to \$393,353,200.

Then here is a news article put in the RECORD by the same Senator from the Baltimore Sun of Wednesday morning, December 6, 1922, in which it was said:

Two hundred and eleven million five hundred thousand dollars given to stockholders. Stock dividends voted in one day throughout the country make vast sum.

It puts the total for 1922 at \$1,600,000,000.

Mr. President, I have only touched on these. I have here the information to show while one part of our country, one class of our citizens, are suffering and crying now for help and are in a deplorable condition, there is another class of citizens reeking in wealth and spending their time in issuing stock dividends to avoid taxation, while the poor fellow who is producing food to feed the Nation is compelled to pay if he can pay at all.

None of them are able to avoid it, at least, and are seeing their homes and farms sold to pay taxes, while \$1,600,000,000 of stock dividends are issued by another class of citizens to avoid taxation.

Mr. HARRELD. Mr. President—

The PRESIDING OFFICER (Mr. STERLING in the chair). Does the Senator from Nebraska yield to the Senator from Oklahoma?

Mr. NORRIS. I yield to the Senator.

Mr. HARRELD. I am very much interested in this discussion. There is a question involved in it concerning which I should like to hear from the Senator from Nebraska, and that is this: Every corporation which is organized must take into consideration the possibility of failure. The Senator states that the corporation proposed under the bill is not intended to be organized in order to make profit; that it is to be a go-between, between the producer and the consumer, and necessarily it will not make any special attempt to make profit. There is, therefore, a probability of its failure. I should like to ask the Senator to explain to us what would be the relative position of the Government should the proposed corporation, after a few years, collapse, as other corporations sometimes collapse? Will the Government be morally obligated to liquidate the indebtedness of the corporation? Will that indebtedness become the debt of the United States? Will we be called upon to appropriate money to liquidate its affairs? What will become of the corporation under such a contingency? I should like to hear from the Senator from Nebraska on that point.

Mr. NORRIS. What the Senator suggests might be true, but there would be a difference of opinion as to that. Technically the Government would not be liable, of course, but, having set up the corporation, whether or not the Government would be morally liable would become a question for proper consideration, upon which honest men might disagree.

As a matter of law, there is no implied obligation that the Government is liable for anything in connection with the cor-

poration or anything which is provided in the bill—none whatever—but I must admit that the corporation may fail. I am not offering this proposed legislation as a perfected certainty. I realize that men could be put in charge of the corporation who would make it fail, though I do not assume that would be done. The same suggestion might have been made as to the Finance Corporation when it was designed to provide that money should be loaned to bankers. That corporation might have failed; it might have lost money. The same suggestion might also have been made in connection with the United States Wheat Corporation for which we provided during the war. There was a possibility of its failure, but, as a matter of fact, it made about \$50,000,000. I do not understand why this proposed corporation also should not be able to make money. I would not desire them to make big profits.

Mr. HARRELD. Mr. President—

Mr. NORRIS. Let me proceed for just a moment.

If my theory is correct the proposed corporation would devote a great deal of its energy to working in harmony with great cooperative organizations and would act as their agent. Instead of having many middlemen to handle their products, a cooperative organization of cotton men, we will say, or of wheat men, would combine all their products and turn them over to the corporation, which would handle those products for them on an agreed percentage which would be much lower than that which they would have to pay the middlemen. The corporation would advance them perhaps 75 per cent of the value of the products at the time the contract was made. It would then handle the products, sell them as it could to the best advantage, shipping them to Europe or to other places, and when the transaction was completed would divide the proceeds among the members of such associations. I think that would be one of the main things that would be accomplished by such a corporation. It would also induce consumers to organize. In the city of New York, for instance, a great organization could be formed of the men who consume the food, and they would buy, by the trainload, perhaps, through the instrumentality or agency of the corporation. The corporation would be paid a commission for their work; they would be paid a reasonable fee for carrying on the business. It seems to me that, properly managed, it would be almost sure to make as much money as such a corporation should desire to make. They could themselves regulate that matter. I take it they would not operate at a loss, that they would undertake to make a small profit.

Mr. HARRELD. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield further?

Mr. NORRIS. I yield.

Mr. HARRELD. This further thought occurs to me: The bill proposes the establishment of a corporation, and if, as the Senator has stated, there is a possibility that the Government would be morally bound by the obligations of this concern, then it is practically the Government that engages in these purchases and these sales. If that be true, would not the question of the constitutionality of the law be raised?

Mr. NORRIS. No; I do not believe there would be any question of constitutionality involved in it. This corporation has no governmental function. The corporation is just like any other corporation. It could be sued and could sue; it could buy and sell; it could act as agent; it could loan money. The idea is to make it as perfectly free as an individual, with a free hand and not surrounded by any red tape. So it could act as a person may act, as any other corporation may act. The fact that all of its stock is owned by the Government would show, of course, that the Government owned the capital stock of the corporation, but the Government has given it a right to be sued, to act, and the bill gives it a right to transact all business that an individual may transact. When it was proposed to organize the War Finance Corporation to loan money to banks and trust companies we heard no one question the constitutionality of the procedure. Even if it should operate at a loss, I can see how that would be better than not to operate at all.

We saw the remarkable condition of the Government of the United States spending \$20,000,000—I think that was the amount—for Russian relief, the principal part of that sum being used in the purchase of corn, and we saw the price of corn in the United States go up from a point away below the cost of production to the American farmer. If the wheat and cotton and corn which the proposed corporation should buy were absolutely lost and the money paid for it were lost, yet the expenditure would at some time bring about a profit instead of a failure to the man who produced the commodity.

Mr. President, it seems to me that we can not go on as we are going. We can not see one class of our citizens rolling in



wealth, making money and avoiding taxation, when another class are toiling and suffering for the very necessities of life. I am not a prophet, but many governments have gone to pieces because they have not heeded the voice of caution in time. Carry out that idea to its logical conclusion and ruin must come. We can not build upon the sufferings and pangs of hunger and cold and chill of one-half of our population while aristocracy reeks in wealth and luxury; the foundation will not sustain such a top-heavy burden; it will not stand. We must halt; we must pause, Mr. President, and do something to equalize conditions. If the remedy proposed is not effectual, if the bill needs amendment, let us amend it, but do not stagger and run because it is something new. We are confronted with a new condition, and we need a new remedy. Do not be afraid of it because it has never been tried by this Government before. We have stretched our ingenuity and tried everything that we have known, and we have failed. We must devise new remedies; we must meet abnormal conditions by remedies that will relieve them.

Mr. STANLEY. Mr. President—

Mr. NORRIS. I yield to the Senator from Kentucky.

Mr. STANLEY. As I understand the Senator from Nebraska, he claims that the spread between the cost of wheat, for instance, at the farm and the cost of wheat when purchased from the mill is too great; that there is too much spread, for instance, between what the farmer receives for his wheat and what the miller obtains for his product. Is that correct?

Mr. NORRIS. I think that is one of the conditions which should be remedied.

Mr. STANLEY. That is one of the conditions which should be remedied. I merely take that as an instance. Is the Senator of the opinion that the Government corporation which his bill proposes to create, with power to buy and sell, will handle wheat at a less cost, or, in other words, that there will be a less spread?

Mr. NORRIS. Mr. President, I assume that the proposed corporation or its managers would be men of reason, of judgment, and of ability, and that they will not necessarily undertake to operate in all commodities.

Mr. STANLEY. I am speaking about wheat.

Mr. NORRIS. But they will see where there is something wrong with conditions, and they will operate in that place. When they see that there is something wrong with the cotton situation and middlemen are taking the profits that ought to go to the producer, they will commence to operate with cotton and lessen the burden to the producer.

Mr. STANLEY. I was not speaking about the extent of the proposed corporation's operations; I was referring to one operation to illustrate the character and scope of the activities of the corporation. Taking wheat, for instance, the reason for authorizing this new instrumentality to buy and sell and hold the grain is that there is a loss to the man who eats bread by virtue of too high a price and a loss to the man who produces wheat by virtue of too low a price; in other words, the spread between the producer and the manufacturer of the article is too great. In order to remedy that situation it is proposed that the Government shall take over the functions of the middleman, who, in the case of wheat, is the elevator man?

Mr. NORRIS. The corporation will have the authority to do that.

Mr. STANLEY. Does the Senator expect they will do that?

Mr. NORRIS. I expect they will do so if they find that the spread is so great as to justify such action.

Mr. STANLEY. We are merely assuming that it is.

Mr. NORRIS. Assuming that it is, the corporation would not act unless they reached the conclusion that there was too great a spread, and then they would buy wheat. Perhaps there would be a cooperative organization of the producers of wheat, of which there are many now, some of them covering two or three States.

Mr. STANLEY. I know that in some States such organizations have taken hold of the situation.

Mr. NORRIS. They would make a contract with the producers and handle their product; there would be no middlemen's profits anywhere; and if they followed out their authority, they would have elevators; they would have warehouses; so that if the grain were not sold immediately it would be stored and sold at seasonable times so as to even up the price.

Mr. STANLEY. Of course, the Government would have to have elevators, because wheat can not be handled without them, as it would be likely to spoil; but in case the Government constructed its own elevators and handled the wheat crop, what would the Senator propose to do with elevators which are privately owned?

Mr. NORRIS. Mr. President, I would not interfere with the privately owned elevators unless the corporation created under the bill should buy some of them, as they could buy them, if they agreed on a price; they would have the right to do that; but I do not anticipate that the corporation is going to do all the business either in the wheat line or the cotton line or any other line. They will not be able to handle all the farm products of the country.

Mr. STANLEY. That is what I am trying to get at. Assume that they concluded to remedy the evil in the wheat industry, which is the great staple of the Middle West, and they found it necessary to handle the wheat. In handling the wheat, and handling it successfully, of course every elevator they constructed would put out of business an elevator now constructed.

Mr. NORRIS. No; it would not. Oh, no, Mr. President. I have not any such conception of it. That is not my idea.

Mr. STANLEY. In the event the construction of the Government elevators rendered unprofitable or obsolete or empty a corresponding number of privately owned elevators, what steps, if any, would the Government take to save the owners of those private businesses?

Mr. NORRIS. I do not think it would take any. I am not assuming that that condition would happen. I have no desire to put any man out of legitimate business. As I said, this great corporation would only be one, probably the biggest corporation in the business. It ought to be large enough to compete in such a way that it could effectually prevent the charging of enormous commissions as the product travels from the producer to the consumer; but I do not anticipate that it would have a monopoly in any line. There would still be avenues for everybody else to do business if he wanted to, and if he could not do business, of course, he would quit. What happens to the elevator man now if somebody else builds another elevator—the farmers, perhaps? They build lots of them in my country.

Mr. STANLEY. That is all right.

Mr. NORRIS. What happens to the man who owns the other elevator, that has been having its own way about it? He has not gone out of business. He is there yet. He probably does not make the same profit that he made before, but suppose they got the charges down so low that he did go out of business? That happens somewhere every day.

Mr. STANLEY. Does the Senator draw any distinction between the injury that would result from competition between two independent, privately owned concerns and competition that might exist between a concern operated by the Government without profit and a privately owned concern? I readily concede that any loss that one man suffers because he can not compete with another man, both doing an honest and legitimate business, is *damnum absque injuria*, and that the Government ought not to interfere; but I would draw a distinction between bankruptcy that would result from competition of that kind and bankruptcy that would result from competition with a Government agency of similar kind.

Mr. NORRIS. Mr. President, in my judgment we ought not to borrow trouble from sources from which probably no trouble will come. If we have in our country a condition where the producer is being ruined, and the consumer is likewise to a great extent being ruined by enormous prices that he has to pay for the necessities of life, and we want to remedy it, if this is a remedy—we have tried everything else, and if anybody has a better remedy I should be willing to follow it—why should we hesitate, when all the people on one side or the other of the equation, and perhaps on both, are suffering from the present condition, to alleviate that condition because we fear that in carrying out the plan some man may own an elevator somewhere that will not be profitable afterwards? I hope that will not occur; but if it does, let it occur. We must meet the proposition and we must bring about a remedy, or ruin stares us in the face.

Mr. STANLEY. Mr. President, at that point may I make an inquiry? Then I will not interrupt the Senator further.

Mr. NORRIS. All right.

Mr. STANLEY. I am not contending, of course, that private property can not be taken for public use. It can; but hitherto when the Government has taken private property for public use it has provided some means for compensating the owner of that property. I was just inquiring, not in the way of criticism at all, at this time, at least, as to whether any provision had been made for compensation to the owner of private property for any injury directly resulting from the operation of the Government instrumentality?

Mr. NORRIS. Mr. President, this bill does not provide any way for this corporation to condemn property. It has no authority to condemn anybody's property. It is just like any other



corporation. If it does anything that is illegal, and thereby injures another man or another corporation, it is liable for damages just the same as I would be as an individual, or the same as any private corporation would be if it had performed the same act.

Mr. DIAL. Mr. President—

Mr. NORRIS. I yield to the Senator.

Mr. DIAL. I should like to ask the Senator whether he does not think that one reason why agriculture does not prosper more is on account of unjust laws governing future transactions on exchanges?

Mr. NORRIS. I do not know to what law the Senator refers. I think there ought to be a law regulating transactions in futures, especially in all food products.

Mr. JONES of Washington. Mr. President, I should like to see if we can not fix a definite hour at which we may vote on this motion. There are several Senators who have had to go away, but who expect to be back later in the afternoon. There may be others who will have to go; and I ask unanimous consent that a vote may be had upon the motion of the Senator from Nebraska at 4 o'clock to-day.

Mr. DIAL. Mr. President, I think we should have a quorum here if we are going to take any such step at this time.

Mr. JONES of Washington. I should like to see if we can not fix a time for a vote. The Senator can make the point of no quorum, and then we can see.

Mr. DIAL. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BURSUM in the chair). The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Fletcher	Lenroot	Ransdell
Bayard	France	Lodge	Reed, Mo.
Borah	George	McCumber	Robinson
Brandagee	Glass	McKellar	Sheppard
Brookhart	Hale	McKinley	Shortridge
Broussard	Harrell	McLean	Simmons
Bursum	Harris	McNary	Smith
Calder	Harrison	New	Smoot
Cameron	Heflin	Nicholson	Spencer
Capper	Hitchcock	Norbeck	Stanley
Caraway	Johnson	Norris	Sterling
Colt	Jones, N. Mex.	Oddie	Sutherland
Cummins	Jones, Wash.	Overman	Swanson
Curtis	Kendrick	Page	Townsend
Dial	Keyes	Pepper	Trammell
Dillingham	King	Phelps	Walsh, Mont.
Ernst	Ladd	Pittman	Watson
Fernald	La Follette	Poindeexter	Williams

The PRESIDING OFFICER. Seventy-two Senators having answered to their names, a quorum is present. The question is upon the request for unanimous consent made by the Senator from Washington.

Mr. KING. Let the request be stated.

The PRESIDING OFFICER. The Secretary will state the request.

The ASSISTANT SECRETARY. That at 4 o'clock p. m. on this day the Senate will proceed without further debate to vote upon the motion made by the Senator from Nebraska [Mr. NORRIS].

Mr. KING. I object.

The PRESIDING OFFICER. There is objection.

Mr. JONES of Washington. May I ask the Senator from Utah whether he will suggest a time when we may vote on this motion?

Mr. KING. I fancy that on account of the importance of the motion it requires further discussion. I think the Senator ought to be willing that those who desire to speak should have full opportunity to do so.

Mr. JONES of Washington. Of course, I can not prevent Senators from having a full opportunity to speak, but I wondered whether the Senator could not suggest a time which would give full opportunity. My desire is to have a definite time fixed for a vote upon the motion.

Mr. KING. It seems to me the Senator should not object to the course which is being pursued, because there is constantly a discussion of the bill which the Senator is championing; its virtues and its vices are being depicted by Senators in the discussion of the pending question.

Mr. JONES of Washington. I was not entering any objection at all. Several Senators, some for the motion and some against it, have expressed to me a hope that a definite time might be fixed so that they would be sure to be present. They would like to know definitely when the motion would be voted upon. There are two or three Senators away this afternoon for a while who said they would be back in an hour or two, and they said they would like to have a definite time fixed. Of course, I can not force it. I am merely asking the Senator to suggest some time at which we might vote.

Mr. KING. Let me suggest to the Senator that he renew his request this afternoon before we adjourn, and I think perhaps a time may be agreed upon.

Mr. JONES of Washington. Has the Senator any objection to making it 6 o'clock to-day, or half past 5?

Mr. KING. For the vote?

Mr. JONES of Washington. Yes; for the vote.

Mr. KING. What I had in mind was that the Senator this afternoon renew his request for unanimous consent to vote at a given time, say some time to-morrow.

Mr. JONES of Washington. Will the Senator suggest now some hour to-morrow, if he is not willing to set an hour to-day?

Mr. KING. Speaking only for myself, I suggest 3 o'clock to-morrow.

Mr. JONES of Washington. I am perfectly willing to submit that request, Mr. President.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Washington that the Senate vote at 3 o'clock to-morrow on the motion of the Senator from Nebraska?

Mr. REED of Missouri. Mr. President, I see no reason for fixing a time to vote on a motion of this sort. Why not let us proceed in the regular order and when the debate closes take a vote on the motion? We may be ready to vote on it now—I do not know; but I can see no reason for this new custom of agreeing on a definite time to vote.

Mr. JONES of Washington. I desire to suggest that at any time I get recognition I can move to lay the motion on the table. I do not care to use that drastic method. I would prefer to have a time fixed. Otherwise I shall feel disposed to make that motion before a great while.

Mr. WILLIAMS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state his inquiry.

Mr. WILLIAMS. Do I understand there has been objection made to the request for unanimous consent?

The PRESIDING OFFICER. Objection has been made.

Mr. WILLIAMS. Very well.

Mr. ROBINSON. Mr. President, I shall vote for the motion of the Senator from Nebraska [Mr. NORRIS]. At the same time, I deem it proper to say that my object in casting that vote is to supplant the pending bill and bring before the Senate the subject matter of rural-credits legislation. I do not favor the Norris bill as it is presented to the Senate. It has been demonstrated conclusively, in my opinion, during the course of this debate that the bill now under consideration will not accomplish the purpose which it is designed to accomplish, that it will not restore or maintain an American merchant marine. While the bill presented by the Senator from Nebraska requires amendment in many important particulars, I shall vote to bring that bill before the Senate, in the belief that the Senate will reform the bill so as to make it acceptable to those of us who favor fair rural-credits legislation.

The bill which we know as the Norris bill has received the approval of many practical farmers in various portions of the United States. They are entitled to have their viewpoint considered by the Senate. It would seem to me unjust to them to deny them that opportunity. At the same time, as stated by its author, the bill contemplates a new procedure of very far-reaching importance. It is an experiment.

In so far as the bill proposes to put the United States Government permanently into the business of buying and selling agricultural products, it is objectionable, and I have no hesitancy in saying so. If the United States Government is to enter upon the business of buying and selling agricultural products, the probability is that in the end that procedure will redound to the detriment of those whom the legislation is designed to benefit. It may result in price fixing by Government authority, and this will cause a clash between producers and consumers which likely will destroy the independence of the producers.

Mr. McLEAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Connecticut?

Mr. ROBINSON. I yield with pleasure to the Senator from Connecticut.

Mr. McLEAN. The Senator has suggested that one of his reasons for voting to take up the Norris measure at this time is that he has the hope that we may so amend or remodel it that it will meet the situation. I think I ought to call attention to the fact that the Committee on Banking and Currency has several bills under consideration which cover this whole subject. We began hearings a week ago, and we expect to finish those hearings to-morrow, and report out a bill in the near future. I am wondering if it would not be better to



postpone action on the Norris bill until the bill which will be reported by the Committee on Banking and Currency is before the Senate, in order that we may take both measures into consideration and, if possible, cover the subject under one title.

Mr. ROBINSON. Mr. President, it is undoubtedly true that the Senate should proceed with caution in the enactment of legislation touching the subject of rural credits, but it should also move promptly in the matter, and if the Senate Committee on Banking and Currency authorizes the report of a bill tomorrow it will be ready for the consideration of the Senate before any action can be anticipated by this body on the subject. The statement of the Senator from Connecticut, instead of being a justification for postponing taking up the subject of rural credits legislation, is, in my judgment, an argument in favor of it.

Mr. McLEAN. The bill will not be reported from the Committee on Banking and Currency inside of a week, and I assume that if the Norris bill is put before the Senate it will be voted on in less than a week. I do not know about that, but it would seem to me that no time would be gained by discussing the disputed points which gather around this subject, when the Committee on Banking and Currency may be able to report a bill which will cover the subject and upon which we can all agree.

Mr. ROBINSON. Mr. President, I am not materially concerned with the rivalry which exists between the Committee on Agriculture and Forestry and the Committee on Banking and Currency. I think it is fair and proper that all proposals touching this subject which are well considered shall be before the Senate and be considered by the Senate when the matter is to be disposed of. There is not the slightest doubt, however, that if the Senate proceeds to the consideration of the Norris bill with the understanding that it will reform the bill in important particulars, the Committee on Banking and Currency will find it necessary and convenient to bring its proposals before the Senate speedily, in order that we may choose between them and the bill of the Senator from Nebraska, which is reported by the Committee on Agriculture and Forestry.

We will at least accomplish one result which nearly everyone here seems now to desire. We will for the present get rid of a bill which has been thoroughly discredited, during the course of the debate, as not calculated, in its provisions, to accomplish the restoration of the American merchant marine. It seems to me that the arguments submitted touching the pending bill, the merchant marine subsidy bill, have conclusively shown that the plan proposed in the bill is not fairly calculated to accomplish any wholesome purpose, and, at the same time, that it will cost an enormous sum and put the United States and her present merchant marine in a more disadvantageous position than is now occupied. For that reason I want to get rid of this pending bill and get before the Senate a subject which practically all Senators agree requires consideration.

I have made this statement in order that there might be no misunderstanding concerning my position, and I think I express the viewpoint of a large number of Senators on this side of the Chamber.

Mr. McLEAN. Mr. President, I want to say to the Senator from Arkansas that I have no desire to interpose any objection to the immediate consideration of any measure intended to bring relief to the agricultural interests of the country. But the Senator knows that there are several bills pending before the Committee on Banking and Currency, and that committee has been hearing not only interested parties from outside but Senators who have already introduced bills covering this subject, and it has seemed to the committee that time would be gained rather than lost if, as the result of our efforts, we could bring about an agreement upon the important points involved in the proposed rural credits legislation.

The purpose of the bill of the Senator from Nebraska, as I understand it, is to improve the marketing facilities now possessed by the farmer for the distribution of his products, and I want to say to the Senator that that is precisely the purpose of the bills pending before our committee. The Committee on Banking and Currency felt it not only was its duty to hear Senators who introduced bills covering this subject before the Senator from Nebraska introduced his bill but it seemed to the committee that that was an exceedingly wise course to follow.

There is no member of the Banking and Currency Committee who is not as anxious as is the Senator from Nebraska to expedite legislation upon the subject.

Mr. KING. Mr. President—

The PRESIDING OFFICER (Mr. ODDIE in the chair). Does the Senator from Connecticut yield to the Senator from Utah?

Mr. McLEAN. I yield.

Mr. KING. The Senator is referring to bills pending before the Committee on Banking and Currency. I am familiar with some of those bills, but I understand none of those measures traverse the ground that is covered by the bill offered by the Senator from Nebraska. It is true they seek to extend credit to the farmers, but the bill reported by the Senator from Nebraska goes further. If I understand the measures now pending before the Senator's committee, they do not in any manner conflict with the Norris bill.

Mr. McLEAN. They do most seriously conflict, because, while they all seek to accomplish the same general purpose, they do not use the same method that is employed in the bill of the Senator from Nebraska.

Mr. KING. If the Senator will pardon me, they extend credit to the farmer upon his giving sufficient security such as is prescribed by the bill, but the measure offered by the Senator from Nebraska goes further than that. He sets up a corporation which may buy and sell grain and acquire elevators and warehouses for the storage of agricultural products, and so forth.

Mr. McLEAN. It seems to me all the more important, if the Committee on Banking and Currency is trying to devise other means to accomplish the purpose than those proposed in the bill introduced by the Senator from Nebraska, that the Senate should wait until our report is out, and the methods proposed by the Senator from Nebraska can be compared with the methods proposed by the Committee on Banking and Currency. Both bills could then be before the Senate at the same time.

No member of the Committee on Banking and Currency assumes ultimate wisdom on the subject. Many of the questions are difficult to answer. We felt that it was wise to hear from Senators who have given the problem long and careful study. The Senator from Wisconsin [Mr. LEXROTH] was chairman of a special commission of agricultural inquiry and his bill attempts to follow largely the recommendations of that commission. It seems to me all important that we should, if possible, try to cover the legislation in one bill and not try to do it by piecemeal.

Mr. KING. May I say to the Senator before he resumes his seat that I can see no impropriety—indeed, I can see many advantages—in proceeding to a discussion of the Norris bill now? That does not preclude the Banking and Currency Committee from considering the measures now before it and presenting a measure which they think will relieve the situation. But I venture the prediction now—and I make the suggestion without intending in any way to criticize the committee—that any bill which may emanate from the Committee on Banking and Currency will not contain the important and fundamental provisions found in the Norris bill, and that the Norris bill can be easily distinguished from any measure which will be reported from the Committee on Banking and Currency.

Mr. McLEAN. I assume if we consider the Norris bill it would be voted on at an early date; and if it is voted upon and is passed before our committee's report comes in and the bill is sent to the House, it would hinder rather than hasten legislation upon the subject. There is no question about that.

Mr. SIMMONS. Mr. President, may I ask the Senator a question?

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from North Carolina?

Mr. McLEAN. Certainly.

Mr. SIMMONS. Does the Senator feel confident that his committee will be able to present a bill on the subject tomorrow?

Mr. McLEAN. No; I have already stated that we expect to close the hearings tomorrow.

Mr. SIMMONS. How long after the hearings are closed does the Senator think it will be before a report can be made to the Senate?

Mr. McLEAN. It will probably be a week. That is my opinion. It is an important matter. As the Senator knows, among the Senators who have introduced bills there is a wide difference of opinion as to the best plan to be pursued; and our effort is, if possible, to reconcile those differences and thus avoid long discussions when the bill comes to the Senate. I think the time will be well occupied if in executive session the committee can harmonize the different opinions. This may be impossible.

Mr. FLETCHER. May I make a suggestion to the Senator from Connecticut? He thinks it will probably be a week, but suppose it is two weeks, or suppose it is three weeks. We can not tell when the bill will be reported out, but if it should be



reported within a week then the Norris bill, if taken up by the Senate, would be under discussion, and the committee could come in with its bill and propose to amend the Norris bill by offering the committee bill as a substitute. In the meantime we would have had an opportunity thoroughly to consider the Norris bill, and no time would be lost. I believe the program is to recess from Friday until Wednesday next, and therefore if a bill comes out of the committee within a week, there will be no time lost if we go on with the consideration of the Norris bill.

Mr. McLEAN. Mr. President, I simply desired to call to the attention of the Senate the situation so far as the legislation now pending before the Committee on Banking and Currency is concerned. I have no objection to a vote on the motion of the Senator from Nebraska. The sooner we can get a vote on that motion the better, but I think it would be unwise to expect a vote on the Norris bill before the bill prepared by the Committee on Banking and Currency is reported.

Mr. FLETCHER. I think it would be impossible, if the committee reports within a week, for us to vote on the Norris bill before that time.

Mr. SIMMONS. Mr. President, I need not say, because it is well known in this Chamber, that I am and have been for many years a champion of legislation in favor of granting adequate credit facilities to the agricultural and live-stock interests of the country. Ever since the hearings began before the Committee on Banking and Currency on the various bills with relation to the subject I have attended their meetings, with the exception of one day, because I was deeply interested in what was going on in the committee and was extremely anxious that a bill should be brought out which would be satisfactory to the friends of the agricultural and live-stock interests.

As the result of what I have heard there I hardly agree with the chairman of the committee. I doubt very seriously whether the committee is going to be in a position to report out a bill within a week or within two weeks. The hearings have now been going on very nearly, if not quite, a week. Sometimes there have been both morning sessions and afternoon sessions the same day. Up to this time the committee has only considered two of the four or five bills which have been introduced with reference to the subject. Two of the bills that have been introduced have had practically no presentation or discussion before the committee up to this time. It may be that the hearings as to the two bills which have not been considered will not be as extensive as the hearings upon the two bills which already have been considered. But in my judgment the two that have not been considered deserve equal consideration with the two which have been discussed. I doubt very much whether it will be found quite expedient or quite fair or just to close the hearings to-morrow, but if they should be closed then, with those four bills before the committee and with the different views that I am led to believe exist among the members of the committee, it will be impossible for the committee to reach any satisfactory conclusion for some time after the hearings shall have been closed.

I am also apprehensive that when the committee shall have concluded its executive sessions it will not be able to bring out a bill that would be satisfactory to the friends of agriculture. Of course, if we should wait until that bill comes out and then move to substitute that bill as the only bill then to be before the Senate, there probably would be motions to substitute for the bill brought out by the committee some of the other bills which have been introduced. I can not very well see how we are going to expedite the discussion by postponing it until after the Banking and Currency Committee reports a bill.

I have taken the precaution to offer as an amendment to the ship subsidy bill a bill prepared by myself providing rural credits for the farmer. I did that because at that time there was no bill on the calendar which I or any other Senator could move to take up and thus displace the ship subsidy bill, and I wanted to create a situation whereby the rural-credits legislation could be brought before the Senate in antagonism to the ship subsidy bill. Of course my purpose was to offer that bill of mine, if there was no other satisfactory bill on the calendar, as a substitute for the ship subsidy bill and thereby make the issue between the two bills, just as the issue is now made by the Senator from Nebraska [Mr. NORRIS], who has moved that the ship subsidy bill be displaced by the bill reported out by the Committee on Agriculture and Forestry, of which he is chairman.

We are, therefore, in a position where no vote can be taken under any circumstances upon the ship subsidy bill until we shall have first discussed a proposition for agricultural credits, and we are also in a position where a measure supposed adequately to provide for agricultural credits may be offered

as a substitute for the ship subsidy bill, even should the Banking and Currency Committee not act at all.

In view of these conditions, Mr. President, there does not seem to me to be any reason why we should wait for the action of the Committee on Banking and Currency. One of the proposed bills—that introduced by the Senator from Wisconsin [Mr. LENROOT], the bill introduced by the Senator from Kansas [Mr. CAPPER], the bill introduced by the Senator from South Dakota [Mr. NORBECK], or that introduced by myself—may be offered as a substitute for the shipping bill.

Mr. President, I wish for a moment to make some observations in reference to the bill of the Senator from Nebraska [Mr. NORRIS] which he now asks the Senate to take up in displacement of the ship subsidy bill. I am very much in the attitude of the Senator from Mississippi [Mr. WILLIAMS], who so interestingly addressed the Senate on the subject on yesterday. I am not in sympathy with either of the two bills. Of course, I am against the ship subsidy bill, and I shall be exceedingly earnest, as I have been from the beginning, in my efforts to bring about its defeat. I think the best interests of the country require that it should be defeated. I believe it proposes a policy which is in conflict with all the sound principles and traditions of the country and upon which we should under no circumstances be justified in entering. On the other hand, I do not think that the bill offered by the Senator from Nebraska will be of any material assistance to the farmer. I do not believe it will help the farmer for the Government to go into the business of buying and selling agricultural products. What the farmer needs is stimulation of the prices of his products, enhancement, if you please, of the value of his products, and the opportunity adequately to finance the production and then the distribution of those products. That is what the farmer needs. I have not found that Government control of prices has resulted in increasing those prices. I think if the Government should become a buyer and a seller of farm products, it would more likely have the tendency of reducing prices than of increasing them. I do not think that is what the farmers need; I do not think that would help the farmers, but I think in the end it would hurt them very much.

However, I am opposed to the policy, not only because I do not believe it promises any relief—certainly no adequate relief—against the conditions with which the farmer now contends, but I am against it because I think fundamentally it is unsound and is a policy upon which our Government should never enter. If the Government should enter upon the policy of buying and selling the products of one industry, no mortal man knows where it will end, and no mortal man can tell what the final result upon our institutions and our system of government will be. In my judgment, it would not only be dangerous legislation but would be utterly ineffective to accomplish the purpose at which it is aimed.

I am not going to commit myself definitely now as to what vote I shall cast upon the question of supplanting the ship subsidy bill with this utterly unsatisfactory so-called farmers' relief bill. If I shall ultimately vote for the motion, Mr. President, it will not be—and I wish that distinctly understood—because I favor the proposed legislation as being either wise or sound legislation or as adequate legislation even tending to give the farmer the relief for which he is now asking and to which he is so obviously entitled; but I shall vote for it, if I do decide to vote for it, simply because it would probably enable us at once, if the motion should prevail, to take up legislation that is of the most urgent character and most necessary to be passed in order to relieve the situation of more than half our population, and would displace legislation the viciousness of which, in my judgment, is probably without a parallel in the legislative history of the United States.

Of course, I know, as every other Senator knows, that if the Norris bill shall be made the unfinished business, the Senate need not necessarily act upon the Norris bill, but that any of the farmers' relief bills which have been introduced may be offered as a substitute or that a composite bill made out of all of them which may be satisfactory to the farming interest as represented in the Senate and as it exists in the country may be offered as an amendment or as a substitute for the Norris bill.

Mr. SMITH. Mr. President, I was interested in what the chairman of the Committee on Banking and Currency, the Senator from Connecticut [Mr. McLEAN], had to say in reference to what the committee would be likely to bring out as a result of their hearings and conferences which are now being held. I am sorry the Senator has left the Chamber, because I should have liked to have asked him some questions which would possibly have determined my attitude in acting on the



pending motion. There are two questions which I should like to have asked which, in my opinion, are vital: First, how soon may we expect a report from that committee in the form of a bill; and, next, the character and scope of that bill? Taking into consideration the fact that the revenues of the Government, according to the report of the Treasury Department, are running something like \$1,500,000,000 or more short, with the tax returns from the several States to support the governments of those States running as much as 50 per cent below the returns even of last year, we are confronted with a question so broad, so fundamental, that it affects not alone an adequate system of credit or financing for the farmer, but one the proper solution of which involves the perpetuity of our commercial and economic life. It is impossible to conceive that this country can continue to conduct its ordinary commercial and industrial affairs with the returns from the very basic industry shrinking to less than one-half of their customary volume and the real estate upon which that industry is founded shrinking to one-fourth of its ordinary market value.

Mr. President, I deplore the fact that the farmers of this country and their interests are looked upon as being rather a negligible consideration unless they become so insistent as to become annoying. Senators and Members of the House and the ordinary business world do not look upon the farmer as a serious factor in our commercial life. Why? The attitude of the bankers toward agricultural paper is notorious. Up to the time of the passage of the Federal reserve act real estate was not allowed to be accepted in a national bank as collateral for a loan. It was only after the passage of that act that we permitted our great financial institutions, as a banking proposition, to recognize the very basis of all prosperity and life in this country. Farm paper was looked upon and was spoken of as a slow and doubtful banking asset. Mark you, when an intimate understanding is had of the attitude of the commercial and banking world the objection to handling farm paper is not so much that it is slow as that it is considered a doubtful risk.

Why should the agricultural securities of this country in the form of farmers' notes be a doubtful security? I challenge the Senate this afternoon to point to a single staple agricultural product as to which the producer has a word to say about the price he is to obtain for it. Point to a single agricultural producer in this country who has a word to say as to the price of the things that he purchases for the production of the commercial asset that he proposes to put upon the market. The very nature of his business is such that he can not organize as other businesses organize.

The woolen manufacturers of this country have a fixed and standardized form of goods that they produce. The manufacturers of those woolen goods can get together and determine the extent to which the market will absorb their production. They can get together and determine the quality of that production, and they can give to that market just the quantity and quality of their particular goods that the market will absorb at the greatest profit to them. If the manufacturer gets an order for the future delivery of a given quantity of goods, he can take it with absolute safety. Why? Because he can determine both the quality and the quantity, and produce it at the given time.

That is true of every form of manufacturing. The farmer, on the other hand, would not dare take a contract for the future delivery of any quantity or any quality of the thing that he might raise. He invests his money in agricultural implements and live stock, and he sets out to produce a crop of wheat. After he has put the seed in the ground, the quantity and quality are beyond his control. He must wait until nature has perfected the product before he can determine what the quantity and the quality will be. Then, what results? He has been 12 months in producing a supply that must be consumed in the subsequent 12 months. He has for 12 months assumed liabilities in producing that product. His liabilities become due when the 12 months' supply is on hand; and he therefore is forced, by virtue of his creditors demanding pay, to put upon the market a 12 months' supply within 30, 60, or 90 days.

That is universally true of agricultural production throughout this country. Therefore the peculiar phase of the problem that we are to meet here is not so much financing him in the production of the crop as financing him in the distribution of that crop over the next 12 months. I submit, Mr. President, that when the farmers of this country have produced the wool and produced the cotton and produced the wheat, and the quantity and the quality are known, and the other fact is also known that that wheat and those other agricultural products are necessary to the world's welfare and must be consumed, there is no better banking collateral in the world than the imperishable, staple agricultural products.

Why, therefore, is it not possible for us to develop a system by which, when the agricultural crops of this country are produced, they can be financed adequately during the period of their distribution? Somebody finances them. Somebody buys them and distributes them. Under our present system and policy the farmer does not, because he is looked upon as being a doubtful risk, and it is said that his paper is long-time paper. I submit here this afternoon that the only long time that is required is from the planting of the crop until the gathering of the crop. From that period on the farmer should have adequate credit for the distribution of his crop. I should like to ask the chairman of the Banking and Currency Committee, if he were here this afternoon, why it is that we hear from every side "short-time agricultural credits" and different expressions to convey to the minds of the world the temporary makeshift that we propose to hand out to the fundamental business of this country.

I state here this afternoon that it is just as essential for us to have a fixed, adequate system of agricultural finances as it is to have that which now obtains for the commercial world. There are fundamental differences between agricultural banking and commercial banking. It may be, and I for one believe, that the present Federal reserve system could have been so handled, if a different policy had been pursued than the one which has been pursued, as to have met all the necessities that confront agriculture; but a different policy was pursued, credit was denied, and the result is what we see to-day.

It may be possible that we might so amend the Federal reserve act, by mandatory clauses rather than discretionary clauses, as to make it do the work that it was intended to do; but it is essential that at this time and place we shall have a system that will meet the necessities of the agriculturist now and give him hope for a to-morrow. It is an old saying that "Nobody but a fool would be bitten by the same dog twice, providing he knows the dog"; and all those who have come before our committee have expressed their determination not to put themselves again at the mercy of a system that is capable, through any policy that may be adopted by those who have the power, of spelling the farmers' ruin as it was spelled in 1920 and 1921. Before I will vote for giving the preference to any kind of a measure I want to know that that measure is at least susceptible of proper amendment to make it adequate.

Some reference was made here this afternoon to our freight rates. We have talked a great deal about class legislation. I have denied that any legislation looking to the relief of the farmers along the lines of a proper banking system is class legislation. Agriculture is fundamental. It competes with nothing. It is the basis upon which all rests. The other day, when I took occasion on this floor to show that during the period of what was called an unavoidable deflation there had been made by some concerns, or one at least in this country, 16,000 per cent, by another 3,333 per cent, and by another 1,500 per cent—and the papers are full from day to day of what are known as stock dividends—my statement was challenged on the ground of what length of time was consumed in accumulating the 16,000 per cent. The particular corporation to which I have reference had a capital investment of \$100,000 and declared a stock dividend of \$16,000,000—\$160,000 for every \$1,000 put in. It does not make any difference if it took 50 years to accumulate it; the farms and the farm homes and the farm organizations of this country have been in existence for more than 50 years, and at the same day and at the same hour that there were published these notorious dividends, declared in the form of stock, a cry went up from East and West and North and South that what the farmers had accumulated in the 50 years, if it took 50 years to make \$16,000,000 out of \$100,000, was a stock mortgage and a farm mortgage.

I consider this question of not only holding out a hope but giving assurance to agriculture that credit will be adequate, permanent, and without any limitation, a matter of the very greatest importance. I want here and now to enter my protest against any proposal to set aside so many millions for agriculture. Let us fix our system so that the farmer has ready access to all the capital and to all the currency in this country, as business has to-day. Let us give him the same opportunity to borrow, the same opportunity to hypothecate his commodity, peculiarly adapted to the conditions under which he must produce and sell.

Mr. President, I am going to insist in season and out of season on this floor that we shall not say to agriculture, which produces more than 55 per cent of the wealth of this country annually, that we will make some little amendment for the benefit of agriculture, and will set aside some amount of capital, as is proposed in the Lenroot bill, to ameliorate the farmer's condition. My contention is that he is entitled to such



legislation that under all safe business rules he will have the same rights and privileges, under the peculiar conditions under which he produces his wealth, that commerce has in attending to its business, not set aside so much gold, or set aside so many bonds, but to open up to him the entire field of credit, both in this country and abroad, as you have opened it up to commerce.

The legislation we pass should be as comprehensive as that, possibly through a radical amendment of the present Federal reserve act which shall take into account the peculiar conditions under which agricultural wealth is produced and marketed, in which amendment we should put clauses which would insure that the farmer would not be left at the sweet mercy of the whims of those who desire to favor one form of commerce as against another; we should include mandatory clauses providing that if the door is shut in the face of agriculture and farmers are to be hurled into the depths of bankruptcy and ruin, as is now evident, all other business shall share alike with it, as far as the credits are concerned.

Every man knows that the present condition in which agriculture finds itself has come about because credit was denied the farmer. There has been some talk to the effect that the prices of agricultural products had to come down, that they were too high, in spite of the fact that the general level of prices was universally high. Every man in this Chamber knows that when cotton and wheat and cattle had reached the peak the little bootblack who had been getting 5 cents for a shine was getting 15 cents. I mention those extremes to show that the general rise was by virtue of the additional volume, under the quantitative theory of money, the price of everything being raised *pari passu*; but when the restriction came, what happened? Everything moved along the line of least resistance, and the farmer having the least resistance, he suffered first, last, and was the only one.

Mr. POMERENE. Mr. President, this morning a witness before the Banking and Currency Committee, speaking in behalf of the Norris bill, insisted upon the passage of the Norris bill, and he made the statement that the farmer did not need more credit, that the trouble was that he had had too much credit, and it was for that reason he wanted to have the Norris bill passed. Does that accord with the Senator's opinion?

Mr. SMITH. I think it is not necessary to go into that. There are plenty of people, as Paul said about the Jews, who "have a zeal of God, but not according to knowledge." I doubt very much if he knew enough about farming to give an intelligent answer about it. I do not know who the witness was, but I know that is absolutely untrue. I know this much: That the wheat of the West and the cotton of the South and the cattle on the plains would not have been sacrificed any more than the securities held in the banks and elsewhere if there had been extended to the farmer adequate credit on that which he had to tide him over that period. But the cry went up, "liquidate," and it went to such an extent that I myself was asked whether the cotton I had for sale was made in 1920 or 1921, and upon inquiry I found that if the cotton had been made in 1920 I could not get a loan, but if it was made in 1921 I could get a loan.

Mr. CARAWAY. Was that true, notwithstanding the quality of the cotton?

Mr. SMITH. The question was as to the time when the cotton was made. It was in accordance with the idea that somebody had determined that the crops should move regardless of whether or not the producer and owner of the crop went bankrupt and committed suicide, as thousands of them did—the crop must move. In other words, you could get a loan if you made the crop in 1921, but you could not get a loan if you made it in 1920, because the latter would be "speculative holdings." To force him to sell and send him into bankruptcy and suicide was legitimate, orderly marketing.

Under the conditions what help did the farmer have? He had no resources. He did not have 16,000 per cent accumulated as a surplus against this evil day. He did not have the 3,333½ per cent, the dividend mentioned in the clipping handed me by the Senator from Arkansas. He did not even have the 100 per cent which seems to be so very common. It is said they do not need credit. When you have an accumulated indebtedness of 12 months to produce an article, and it takes you 12 months to produce it as a commercial asset, to liquidate the liabilities of the 12 months previous, and the price is so low that it would take the entire crop to settle, if you did settle, the liabilities incurred in its production.

There is not a manufacturing business in the world but what must have credit to buy its raw material, credit during the manufacturing period, and credit during the distributing period. Hence we find the 30, 60, and 90 day paper to carry

them over the ordinary period between the time of purchasing the raw material and the time of making the finished product.

I am fully aware, Mr. President, that there are other problems which enter into this question which make it a very vexed and intricate one. I know that essential to the life of this country is an adequate form of transportation, which is synonymous with the means of distribution. Under the present level of farm products and the present tariff on those commodities the farmer is bankrupt and the consumer is pauperized. I happen to have brought over from my office a statement of some instances of actual bona fide sales from middle Carolina to New York of ordinary foodstuffs, which show just how unequal things are. The first one to which I shall refer was sent to me from the bank of Latta, a little town near the line between North and South Carolina and about 14 hours by through freight out of New York. This man writes me a letter, in which he says:

I attach some statements for some beans that we shipped to New York for sale some time ago. You will note that after paying express and commissions that two baskets of beans netted us 6 cents and that after paying express and commissions 29 baskets netted us \$5.80. It cost us about 15 cents per basket to have these beans picked, and the baskets cost us laid down here in Latta about 17 cents each, and you can thus see that we lost some money on these shipments, besides the labor and fertilizers. I just thought I would call this matter to your attention so that you might know that the producers get it in the neck these days of high freight and express rates. Of course, we sold some beans at a profit as we sold some f. o. b. our station.

I want to read to the Senate the net result. This man got a good price for the beans, as beans go, a dollar a crate, there being about a bushel in a crate. He sold them to be delivered—\$1 a crate delivered—and the total amount involved was \$2. He sent them by express, and the expressage was \$1.74 on the 2 bushels; the commission was 20 cents on the 2 bushels, so he got 6 cents. The express company got \$1.74, the commission man got 20 cents, and the man who furnished the land, bought the seeds, furnished the fertilizer, bought the crate, and did everything that was necessary to cause 2 bushels of beans to exist which never existed before got 6 cents.

Mr. CARAWAY. I should like to know how it was they let him get away with so much of it.

Mr. SMITH. I think they overlooked the 6 cents, because I have in my desk, I believe, what I put into the RECORD some time last summer, a statement of the shipment of three carloads of melons to New York in the same train. Each carload of melons brought a fairly good price, as melons were sold, I think something like \$130 a car. The freight was \$150 to \$160 a car, and after paying freight and commission, the shipper had to spend something like \$128 for the privilege of giving three carloads of melons to that market. So I suppose they overlooked the 6 cents.

This man seems not to have been satisfied with his 6-cent experience, so he sent 29 bushels by express at another time and he still got \$1 a crate. Twenty-nine dollars was the gross. The freight was \$20.30, commission \$2.90, and he got \$5.80. The railroad got \$20 for hauling them, a 14-hour haul, the commission man got \$2.90 for simply taking them and transmitting them to the ultimate purchaser, and the man who produced them got \$5.80.

From another point, Cades, S. C., Mr. T. P. Fulmore writes me a letter. It seems that he started off to do as a great many of the friends of the farmer—those who farm the farmer—say: "Let him diversify, raise his home supplies, and then if he has anything to sell, let it be surplus." This fellow seems to have diversified, and raised artichokes, a form of tuber that is raised for the purpose of making a very delightful pickle. I believe it enters into Mr. Heinz's 57 Varieties. He produced two barrels and got \$5 a barrel. The gross was \$10. The motto of this house in New York is "Live wires." He shipped the artichokes to them and they got \$10 for them. The freight was \$7.44 out of the \$10, the commission was \$1; so the shipper got \$1.50.

Mr. CARAWAY. I wonder if he was the gentleman who testified that they did not need any help.

Mr. SMITH. I suspect he was the one the Senator from Ohio said told the committee the farmers did not need credit. He had a market, a fairly good market; \$5 a barrel for artichokes delivered in New York seems like a fairly good price, although I do not raise them, but for the shipping space for two barrels he paid \$7.44 expressage from his place of business to New York. Mark you, that tariff rate was the result of legislative enactment. You hear men talking about socialism, talking about class legislation. The Interstate Commerce Commission, the Interstate Commerce Committee of the House, and a like committee of the Senate are responsible for that. They could not have charged any such price had it not been legalized. The charge



was \$7.44 for two barrels of artichokes. They brought \$5 a barrel in New York, which, as I said, is a fairly good price. Yet to transport them in good shape from a place on the trunk line of the Coast Line, which picks up its make-up of through freight to New York, a distance of less than 24 hours, it cost \$7.44 for transporting two barrels of artichokes. Deducting \$7.44 from the \$10 which the producer received, and \$1 for the commission man, left the shipper, to pay for his land, to pay his taxes, to pay the cost incurred in production, the magnificent sum of \$1.50. It is the duty of the Congress not so much to make new legislation, but to amend and regulate that which it has done disastrously.

I do not pretend to say, for I do not know, how much of the stock of the railroads is watered, but I want to ask the Senate a question. What is the difference between the railroads of the country issuing fictitious or watered stock and a company declaring stock dividends without an adequate increase of the manufacturing plant? A plant produces a certain amount and makes 100 per cent profit. In place of selling the goods cheaper, they take the 100 per cent on the investment and declare it in stock dividends. That increases the capital stock. There is not another dollar put into the concern. There is no enlargement of the plant. It then simply produces the per cent upon the volume of the stock, but the total amount of earnings upon the real amount invested is just the same as it was before. How much of stock under that guise is being watered now? Who will pay for it?

The other day I called attention to a dispatch in the press with reference to a worsted manufacturing concern making 1,500 per cent. Who pays for it? It is now capitalized. That was declared in stock dividends. Hereafter if they make 10 per cent upon that enlarged capital stock, what is the aggregate return upon the actual initial amount invested? There are other questions just as serious concerning the welfare of the country. It is a man's job that confronts us at this stage of human development and this period of organized society, and you are not going to juggle behind closed doors or with any of the subtleties that have heretofore characterized the business affairs of this country. The exigencies of life and of prosperity demand that we should at least not legalize the whole profit making on the one side and pay no attention to the production of paupers on the other side.

Mr. HEFLIN. Mr. President, I shall vote to take up for consideration the bill reported by the Committee on Agriculture and Forestry. I am not in favor of some of the provisions of that bill. I hope to see certain changes made in it. There are other members of the committee who feel as I do about it. We think that it is right and proper to bring the measure before the Senate for immediate consideration for the purpose of amending it and improving it so as to obtain some measure of relief for agriculture. When I vote to take up this bill now for consideration I shall do it for the purpose of trying to bring about legislation that will be helpful to agriculture.

Mr. President, I think that a rural credit bill is the thing that we should take up at the earliest day possible. I believe that a bill giving the farmer the right to borrow money on his staple products will solve the problem. If the farmer is enabled to keep his products off the market when market conditions are bad, prices will be taken care of, because keeping his products off the market will make conditions so that the prices are bound to be above the cost of production and will yield a profit. The farmer must be enabled to hold his product until the price will yield a profit. The merchant is permitted to do that. When the merchant places a stock of goods in his store he does not sell under the cost of production—that is, he does not sell for less than he pays for the goods plus a profit. If anyone goes into a store to make a purchase and offers a price that does not cover the cost of the goods plus a profit, the merchant will not sell the goods. He keeps his goods off the bargain counter, out of the traffic of commerce, until the price will yield a profit; and he is enabled to do that because he has credit at the bank, because the commercial banking system enables him to do that, and it is right and proper that it should. It enables him to handle his business in a businesslike way. That is all we are asking, Mr. President, simply that the farmer be placed upon the same business basis that every other kind of business is placed upon. That is not an unreasonable request. Why should not the farmer be aided by the Government to derive a profit from his business?

Mr. President, I know and you know that if the farmer should go out of business the people would starve. Therefore he is engaged in the most important business in the world; and it seems to me that a Government that will establish a banking system and permit that system to be so manipulated as to serve the whim and caprice of the gamblers of Wall Street,

the speculators in various places to get all the money they need or want for speculative purposes, as has been done, ought to be able to devise some plan by which the men who are engaged in an honest industry could have the money necessary to make their business a paying business.

The moment we come in with some measure looking to the relief of the agricultural class, as all must admit is in great distress at this time, somebody is ready to say that it is a Socialist movement and that the Bolsheviks are demanding that the thing be done. Mr. President, I have pointed out before and I am going to point out a great many more times that the deflation policy permitted and carried on produced more Bolsheviks in this country than anything that has happened here in 50 years. It did more for socialism; it did more to encourage anarchy than anything that has happened.

I recall, as others here do, that when I was talking about deflation and an effort was made by the Wall Street money power to suppress my argument and to keep it out of the newspapers, certain Wall Street representatives would leave the gallery to keep from sending anything whatever to their papers upon the subject, and I remarked at the time that I was not talking to the Wall Street papers, but I was talking to the American people through the 40,000 copies of the CONGRESSIONAL RECORD that go out each day and that the people, reading that RECORD day after day, week after week, and month after month, would be heard from at the polls.

The question that I here discussed for weeks and months has become a national issue. It played an important part in the recent campaign in every State in the Union. It is going to play a more important part than that in the campaign of 1924. The American people, if they have the moral stamina that I think they have, if they have the courage that I believe they have, and the memory I have known them to possess, will see to it that every person who had to do with deflation is driven out of public life. Every one of them should be constantly held up to public scorn. They should be condemned every day in the year. The crime of murderous deflation must not be forgotten.

Mr. President, I sat in the Committee on Agriculture and Forestry during the week just passed, where hearings were being held looking toward legislation to aid agriculture, among other things the establishment of a rural credits system. I heard men testify from the West and the Northwest.

I heard them tell of the terrible taking off of farmers in those western counties, 15 in one county, 18 in another, 25 I believe it was in another, and so on. These men, made desperate by deflation, killed themselves. The captains of finance in Wall Street who clip coupons, who make such tremendous profits as those referred to by the Senator from South Carolina [Mr. SMITH], the able and faithful friend of the farmer, do not know anything about these conditions and I doubt whether they would care even if they knew.

We have a serious situation in America to-day. Three-fourths of our people are not in easy or comfortable circumstances. While that is true, a certain smaller group of people are making more money than ever before. In other words, one class of our people, and the larger class, is being hard pressed and impoverished and another class is becoming strangely and dangerously rich. We are fast accumulating a menacing population known as the arrogant and idle rich, and that question, unless the situation is changed, is going to become an important one in this Republic some day. Mr. President, the Almighty never intended that all the rich resources of this vast land of ours should be used by a few people to their enrichment and moral degradation and to the hurt and injury of the American masses. If this Government is to live, and it must and shall, for there is enough patriotism in America, enough statesmanship in America, when properly appealed to and utilized, to rescue this Government from the downward grade on which it has been cast. We are going to restore it to the course marked out by the founders of the Republic. We are going to stop Government pets and favorites who win favor with campaign contributions from holding up and robbing the men and women in the common walks of life.

We are going to see to it that those who toil and produce the necessities of life shall enjoy some of the fruits of their labor. On a former occasion I quoted a line of Scripture which fits the situation we are discussing here to-day and it is so appropriate I am going to quote it again: "They shall build houses and inhabit them; thy shall plant vineyards and eat the fruit of them. They shall not build and another inhabit. They shall not plant and another eat."

Mr. President, that scriptural quotation is good religion and good Americanism. The principle involved in the lines that



I have quoted is the principle that we stand upon and insist upon in our demands for the farmers of America.

Mr. JONES of Washington. I ask unanimous consent that when the Senate closes its business to-day it recess until 12 o'clock to-morrow. I understand the Banking and Currency Committee have a hearing again in the morning.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

Mr. JONES of Washington. Mr. President, I ask unanimous consent to insert in the RECORD an open letter from Chairman Lasker, of the Shipping Board, with reference to certain statements made in a circular letter from Capper's Weekly, of Topeka, Kans. I have spoken to the Senator from Kansas [Mr. CAPPER] in regard to the matter, and he has no objection to the letter of Mr. Lasker going in the RECORD.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the letter will be printed in the RECORD. The letter referred to is as follows:

UNITED STATES SHIPPING BOARD,  
Washington, December 18, 1922.

Hon. ARTHUR CAPPER,  
United States Senate, Washington, D. C.

DEAR SENATOR CAPPER: There comes to my attention a circular letter from Capper's Weekly, of Topeka, Kans., on whose letterhead your name appears as publisher, stating:

"Capper's Weekly wishes to seek out and make known the actual sentiment of the people on the five great questions following. Will you please indicate your opinion on the secret ballot enclosed? All we are asking is that you will please mark the ballot and mail it at the earliest moment. No name need be signed to the ballot."

"1. Do you favor a ship subsidy? In order to stop \$50,000,000 annual expense of the United States Shipping Board, to get the Government out of the shipping business, to make possible the sale of our Government-owned ships, to make it possible for ships under the American flag to compete with those under foreign flags, it is proposed: That the people, through their Government, shall sell the ships of their war-built merchant fleet for approximately \$200,000,000, lend one hundred and twenty-five million to recondition the ships or build others, and then pay the owners about \$750,000,000 in subsidies and aids within the next 10 years. A clause provides that when a ship has earned 10 per cent of its investment, half of its earnings shall revert to the subsidy fund until the full subsidies it has been paid are returned. President Harding advocates the subsidy plan as the cheapest way for the Government to get out of the shipping business. He believes an American merchant marine would greatly develop our foreign commerce."

Whatever may be your position upon the pending ship subsidy bill, I am sure you do not desire the readers of your paper to reach their conclusions upon either inadequate or erroneous statements; and because the statements in the circular of the organ controlled by you are not accurate and are wholly at variance with the facts, I feel it my duty to you, to myself, and to the people we both represent to give you the facts and thus enable you to correct the erroneous impressions your publication has created. You certainly would not wish, and I certainly could not permit, any part of our people to be misled concerning the provisions of the ship subsidy bill, or the facts surrounding it.

The statements as to the workings of the subsidy bill made in your circular are all taken from the minority House report prepared by Mr. DAVIS, Democrat, of Tennessee, a partisan report which everyone Washington-wise knows was prepared for political purposes and is unjustified by the facts; your words are taken, practically syllable for syllable, from this partisan minority report.

I challenge one to find where the Shipping Board has ever proposed that the war-built merchant fleet be sold for approximately \$200,000,000. What can be realized from the Government fleet depends on changing world conditions as well as changing conditions surrounding the American merchant marine. One of the main purposes of the proposed bill is to create a market that will enable the ships to be sold at all, for, under present conditions of Government operation, the Shipping Board, despite great effort and at what it deemed world prices, has been able to dispose of so little tonnage as to amount to practically nothing at all. The pending bill, it is believed, will create a market that will make possible the sale of the ships so as to realize largely in excess of \$200,000,000.

Next, your questionnaire states that it is proposed to "lend \$125,000,000 to recondition the ships or build others." If it had been the purpose of those who drafted the questionnaire to submit this feature of the bill even with remote fairness, the questionnaire would have stated that the merchant marine act of 1920, now the law of the land, already provides for a \$125,000,000 loan fund for the construction of ships; that the proposed bill makes only slight modifications in the existing law to meet present conditions more successfully.

The statement proceeds to say, "and then pay the owners about \$750,000,000 in subsidies and aids within the next 10 years." Whoever connected with your weekly accepted this quotation from the Democratic minority report has, to my mind, willfully or ignorantly put forth a statement that does not remotely come within the facts.

In the original bill as submitted by the Shipping Board to Congress the only direct aid proposed to ships was a subsidy which the Shipping Board has repeatedly averred, in its testimony before the congressional committee, could not under any conditions and at any maximum exceed \$30,000,000 annually.

As the bill stands at present, if all privately owned tonnage under the American flag (including that in the coastwise trade that could be used on the deep seas) were, immediately on the passage of the bill, put into ocean service, the total annual subsidy paid would be less than \$5,500,000; if, in addition, all the Government-operated fleet at once passed into private hands, the subsidy cost the first year would be less than \$15,000,000.

To this the Shipping Board testified repeatedly before the congressional committee, as the printed record, open to all, plainly shows.

If the subsidy ever reached the annual figure of \$30,000,000, the Government will have disposed of its fleet, wiped out its annual operating loss of \$50,000,000, and, in addition, the country will have several million tons of new ships of much needed types, built in American

yards by American labor and flying the American flag—an aid in commerce, for farmer and manufacturer alike, and a protection to the Nation in war.

The statement that the subsidy could possibly reach \$75,000,000 a year was originally made by the Democratic minority in the face of repeated evidence that its annual maximum could not exceed \$30,000,000, and that in the 10-year period it would average \$22,000,000 annually if the bill met with success in the establishment of an ideal American merchant marine.

When, therefore, it was proposed in the Senate committee that the Shipping Board be prohibited from making contracts which in any one year could total over \$30,000,000, the Shipping Board accepted this limitation as scotching effectively the malicious misstatements that had been circulated in regard to the possible maximum. It is apparent, therefore, that the statement of a \$750,000,000 subsidy cost in 10 years is not within the facts.

The subsidy is the only direct aid proposed, for the postal compensation continued by the bill is only that provided for long ago under section 4009 of the Revised Statutes and is based on the actual amount of mail carried, i. e., the Government pays for the freight it gives.

In writing you thus I have a thought quite apart from my purpose to appeal for fairness in dealing with a vital American problem; as a Member of the Senate and necessarily a close student of public affairs you share the responsibility with others that true light comes before the people.

You are aware of the restlessness of humankind and the tendency, here as elsewhere in the world, to array class against class. Our hope of the future lies in an understanding of mutuality of interest; and, in order to promote that understanding of mutuality, these problems of Government and the problems of bettering our industrial and commercial conditions depend upon correct presentation of the situation rather than allegations which may excite unfair prejudice.

Very truly yours,

A. D. LASKER, Chairman.

#### EXECUTIVE SESSION.

Mr. JONES of Washington. There is a desire to have an executive session, and, as there is no chance, apparently, of securing a vote on the pending motion to-night, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business. After 10 minutes spent in executive session the doors were reopened; and (at 4 o'clock and 30 minutes p. m.) the Senate, under the order previously made, took a recess until to-morrow, Wednesday, December 20, 1922, at 12 o'clock meridian.

#### CONFIRMATIONS.

*Executive nominations confirmed by the Senate December 19 (legislative day of December 16), 1922.*

##### ASSOCIATE JUSTICE OF THE SUPREME COURT OF HAWAII.

Alexander Lindsay, jr., to be associate justice of Supreme Court, Territory of Hawaii.

##### COLLECTORS OF CUSTOMS.

George V. Denny to be collector of customs for customs collection district No. 17, Savannah, Ga.

Louis M. Hall to be collector of customs for customs collection district No. 45, St. Louis, Mo.

##### PROMOTIONS IN THE NAVY.

###### To be rear admirals.

Montgomery M. Taylor.  
Carl T. Vogelgesang.

###### To be captains.

Robert L. Berry.	Louis Shane.
William R. Sayles, jr.	John G. Church.
Edwin H. Dodd.	Herbert C. Cocke.

###### To be commanders.

Leigh M. Stewart.	Bryson Bruce.
Francis M. Robinson.	Randall Jacobs.
Archibald G. Stirling.	Vaughn V. Woodward.
Robert W. Cabaniss.	Richard S. Edwards.
David A. Scott.	Robert T. S. Lowell.
Weyman P. Beehler.	Clyde R. Robinson.
Lemuel M. Stevens.	Irving H. Mayfield.
Joseph S. Evans.	Phillip H. Hammond.
John W. W. Cumming.	Harvey W. McCormack.
Charles A. Dunn.	John M. Schelling.
Horace T. Dyer.	Bert B. Taylor.
Damon E. Cummings.	William O. Wallace.
Russell S. Crenshaw.	William S. Farber.
Warren G. Child.	George M. Ravenscroft.
Herbert S. Babbitt.	Alfred W. Atkins.

###### To be lieutenant commanders.

Ralph E. Sampson.	James A. Saunders.
John R. Peterson, jr.	Alfred E. Montgomery.
Joseph McE. Smith.	Andrew C. Bennett.
George J. McMillin.	Eugene P. A. Simpson.
William H. O'Brien, jr.	Oliver W. Bagby.
Howard F. Kingman.	Lawrence P. Bischoff.



James G. B. Gromer.  
William M. Quigley.  
Rivers J. Carstarphen.  
Calvin H. Cobb.  
Lee C. Carey.  
Norman Scott.  
Conrad Ridgely.  
Richard P. Meyers.  
Webb C. Hayes.  
Howard D. Bode.  
Harold E. Snow.  
Robert M. Doyle, jr.  
Richard H. Booth.  
Morton L. Deye.  
Harold T. Bartlett.  
Robert M. Hinckley.  
Ralph S. Parr.  
Charles H. McMorris.  
Virgil C. Griffin, jr.  
John H. Holt, jr.  
William A. Corley.  
Benjamin Perlman.  
Howard H. Good.  
Ernest G. Small.  
Carleton H. Wright.  
Robertson J. Weeks.  
Herman E. Fischer.  
Harry G. Patrick.  
Donald W. Hamilton.  
Herbert G. Gates, jr.  
Heister Hoogewerff.  
Louis E. Denfeld.  
George W. D. Dashiell.  
Nathan B. Chase.  
George W. La Mountain.

James C. Clark.  
James C. Monfort.  
Carl G. Gilliland.  
Harold Dodd.  
Warren A. Shaw.  
Robert A. Hall.  
Guy C. Hitchcock.  
Anton B. Anderson.  
Ralph S. Wentworth.  
George L. Woodruff.  
Mahlon S. Tisdale.  
Fred Welden.  
Davis De Treville.  
Robert S. Haggart.  
Raymond E. Kerr.  
Philip Van Horn Weems.  
George H. Fort.  
Lunsford L. Hunter.  
Ernest W. Broadbent.  
Forrest U. Lake.  
Robert R. Thompson.  
Elliott Buckmaster.  
Nelson W. Hibbs.  
Walter S. DeLany.  
Emory P. Eldredge.  
Clarence Gulbranson.  
Wentworth H. Osgood.  
Donald F. Patterson.  
Alexander W. Loder.  
William S. Hogg, jr.  
Stephen B. Robinson.  
William G. Greenman.  
Allen H. Guthrie.  
Carroll M. Hall.  
Harold H. Little.

*To be lieutenants.*

Henry B. Broadfoot.  
Vaughn Bailey.  
Ratcliffe C. Welles.  
Arthur Wrightson.  
Laurence E. Myers.  
John P. Dix.  
Robert E. Davenport.  
Winfield A. Brooks.  
William M. Callaghan.  
Harold L. Challenger.  
Ralph B. Netting.  
William H. Mays.  
George M. O'Rear.  
Joseph R. Lammom.  
George Kirkland.  
Lewis H. McDonald.  
Marcus C. Miller.  
Samuel H. Hurt.  
William B. Stork.  
John J. Clausey.  
Ralph G. Moody.  
Frederick Petry.  
William F. Schlegel.  
Sol Shaw.  
Asa Van R. Watson.  
Wilmer W. Weber.  
Ludwig W. Gumz.  
Raymond C. McDuffie.  
Henry A. Stuart.  
William J. Graham.  
Walter B. Buchanan.  
Clyde Morrison.  
Elmer B. Robinson.  
Elijah E. Tompkins.  
Doile Greenwell.  
Arthur L. Karns.  
Marcus L. Kurtz.  
John F. W. Gray.  
Homer B. Davis.  
Edwin Nelson.  
Percival W. Buzby.  
Arthur E. Bartlett.  
Carl Hupp.  
Stonewall B. Stadler.  
Stephen E. Haddon.  
Frank A. Brandecker.  
William E. McClendon.  
Henry C. Flanagan.  
Frank A. Saunders.

Ralph H. Roberts.  
Valentine H. Schaeffer.  
Eugene L. Kell.  
John W. Roper.  
William C. Vose.  
Harry B. Slocum.  
Robert P. Briscoe.  
Harry R. Thurber.  
James B. Sykes.  
Lyle N. Morgan.  
Clarence H. Schildhauer.  
Cuthbert A. Griffiths.  
Franz O. Willenbacher.  
Harry M. Jones.  
William H. Ferguson.  
Ernest H. von Heimburg.  
Morton T. Seligman.  
Douglas A. Powell.  
John O. Huse.  
Charles J. Palmer.  
Arthur P. Thurston.  
Logan C. Ramsey.  
Scott G. Lamb.  
William E. Clayton.  
John H. Cassidy.  
Julian B. Noble.  
Henry R. Herbst.  
Elmer R. Hill.  
Henry D. Baggett.  
Bayard H. Colyear.  
Ralph W. Hungerford.  
Charles B. Hunt.  
James D. Lowry, jr.  
Albert P. Burleigh.  
Eric M. Grimsley.  
John B. Griggs, jr.  
Charles L. Andrews, jr.  
Eliot H. Bryant.  
Alonzo B. Alexander.  
David S. Crawford.  
Charles J. Rend.  
Robert L. Boller.  
Henry C. Fingar.  
Ten Eyck DeWitt Veeder, jr.  
Marshall R. Greer.  
Philip P. Welch.  
Harry A. Rochester.  
James J. Hughes.  
Carl K. Fink.

Jesse G. McFarland.  
William Wakefield.  
Richard C. Bartlett.  
James D. Barner.  
Clyde L. Lewis.  
Malcolm F. Schoeffel.  
Thomas G. W. Settle.  
Ralph A. Ofstie.  
Rex L. Hicks.  
Herbert M. Scull.  
Matthias B. Gardner.  
Howard W. Fitch.  
Creighton C. Carmine.  
Gordon M. Jackson.  
Ernest E. Herrmann.  
William E. Hilbert.  
Hugh W. Olds.  
Albert T. Sprague, 3d.  
Hobart A. Sailor.  
Thomas P. Jeter.  
Adolph O. Gieselmann.  
David H. Clark.  
Jeffrey C. Metzel.  
Festus F. Foster.  
Russell M. Ihrig.  
James J. Graham.  
Harold M. Martin.  
John L. Reynolds.  
John R. Redman.  
Ross A. Dierdorff.  
Herbert S. Woodman.  
George H. Mills.  
Desmond J. Sinnott.  
John C. William.  
Spencer H. Warner.  
Dorrance K. Day.  
Robert F. MacNally.  
Samuel B. Ogden.  
Arthur F. Folz.  
Charles S. Seely.  
Truman E. Ayres.  
William E. Phillips.  
Raymond G. Deewall.  
Earl B. Brix.  
Charles M. Johnson.  
Henry L. Pitts.  
Charles F. Waters.  
Edward J. Lysaught.  
Percy A. Decker.  
Edward B. Peterson.  
Charles R. Jeffs.  
Joseph S. Ives.  
DeForest L. Trautman.  
Caleb R. Crandall.  
Walter E. Andrews.  
Raymond E. Farnsworth.

*To be lieutenants (junior grade).*

Samuel H. Hurt.  
Orrin R. Hewitt.  
Thomas Macklin.  
George D. Samonski.  
Robert G. Greenleaf.  
Ernest W. Dobie.  
Michael J. Conlon.  
William D. Dadd.  
Frank Schultz.  
David F. Mead.  
August Logan.  
George W. Waldo.  
Norman McL. McDonald.  
William T. Shaw.  
John P. Millon.  
James D. Brown.  
Alfred Doucet.  
James M. MacDonnell.  
Everest A. Whited.  
Elery A. Zebner.  
George T. Campbell.  
Elmer J. McCluen.  
Warwick M. Tinsley.  
Francis P. Brewer.  
John F. Piotrowski.  
Ralph A. Scott.  
William K. Johnstone.  
Emmette F. Gumm.

John J. Patterson, 3d.  
Walter C. Ansel.  
Adrian O. Rule, jr.  
Miles P. Duval, jr.  
Walther G. Maser.  
Elmer R. Runquist.  
Walton R. Read.  
Daniel McGurl.  
William E. Tarbutton.  
Stephen K. Hall.  
Robert M. Smith, jr.  
Robert B. Crichton.  
Paul H. Talbot.  
James L. Holloway, jr.  
Fred W. Beltz.  
John B. McDonald, jr.  
John G. Crawford.  
Paul D. Dingwell.  
James G. Atkins.  
Frank V. Aler, jr.  
Cyril K. Wildman.  
Francis H. Gilmer.  
Carleton McGauly.  
Charles R. Smith.  
Giles E. Short.  
Dixie Kiefer.  
John E. Dingwell.  
Norman E. Millar.  
Leslie E. Gehres.  
Raymond E. Daniels.  
Leo L. Waite.  
Lawrence S. Tichenor.  
Hermann P. Knickerbocker.  
Frederick W. Ickes.  
Charles F. Grisham.  
Howard R. Shaw.  
Stuart S. Murray.  
Russell S. Barrett.  
Gustave H. Bowman.  
Leonard C. Parker.  
Jack C. Richardson.  
Riffel G. Rhodon.  
Palmer M. Gunnell.  
Perle M. Lund.  
Arthur F. Peterson.  
Scott E. Peck.  
Thomas E. Renaker.  
Malcolm R. Jameson.  
Arthur C. Smith.  
Harry J. Lang.  
William J. Slattery.  
Earle P. McKellar.  
Grover B. Turner.  
Charles A. Kirtley.  
James A. Martin.

Arthur D. Murray.  
Ralph M. Gerth.  
Joseph A. Clark.  
Stockard R. Hickey.  
Thom H. Williamson.  
Benjamin J. Shinn.  
George H. Toepfer.  
Howard E. Haynes.  
Harry A. Wentworth.  
Frederick J. Silvernail.  
Edward Danielson.  
Andrew Simmons.  
Ira W. Truitt.  
Charles W. Van Horn.  
Arthur Brown.  
Philip L. Emerson.  
John B. McGovern.  
Lawrence K. Beaver.  
Philip H. Taft.  
Charlie S. East.  
Thomas J. Eggleston.  
John E. Canoose.  
Rudolph Oeser.  
William M. McDade.  
Robert H. Barnes.  
John C. Redman.  
Ewell K. Jett.  
Rudolph P. Bielka.



Clarence H. Fogg.  
 Frank V. Shepard.  
 Abram L. Broughton.  
 Harry F. Gray.  
 William Klaus.  
 John F. P. Miller.  
 Harold F. MacHugh.  
 Albert R. Colwell.  
 Loar Mansbach.  
 Glenn O. Twiss.  
 William J. Russell.  
 William P. Turner.  
 Clarence A. Hawkins.  
 Alfred R. Boileau.  
 William J. Poland.  
 Thomas Fertner.  
 Emil H. Petri.  
 Carter E. Parker.  
 Harold Bye.  
 Joe S. Wier.  
 George H. Turner.  
 Carl I. Ostrom.  
 Percy S. Hogarth.  
 Brady J. Dayton.  
 John L. Graham.  
 Floyd J. Nuber.  
 Charles H. Ross.  
 Edwin C. Millhouse.  
 George K. G. Reilly.  
 Charles R. Will.  
 Paul G. Wrenn.  
 Robert K. Madsen, jr.  
 James S. Warner.  
 Harold W. Alden.  
 William M. M. Lobrano.  
 Arthur W. Peterson.  
 Alan F. Winslow.  
 George E. Twining.  
 Russell D. Bell.  
 Charles C. Ferrenz.  
 Henry L. Naff.  
 James B. Bliss.  
 Clyde A. Coggins.  
 Robert W. Boughter.  
 Otto F. Johanns.  
 George E. Kenyon.  
 John F. Wegforth.  
 Benton B. Baker.  
 Frederick L. Farrell.  
 Clifford B. Schiano.  
 John A. Paulson.  
 Albert R. Buehler.  
 William B. Coleman.  
 Thomas F. Hayes.  
 Elder P. Johnson.  
 Herbert Loewy.  
 Benjamin C. Purrington.  
 Robert F. Stockin.  
 Harold J. Walker.  
 Florentin P. Wencker.  
 Arthur H. Small.  
 Charles D. Hickox.  
 Ralph W. Bowers.  
 Malcolm D. MacGregor.  
 Anton L. Mare.  
 John D. Murphy.  
 Le Roy A. Nelson.  
 Robert E. Permut.  
 Louis C. De Rochemont.  
 Harold B. Corwin.  
 Edward R. J. Griffin.  
 John A. Pierson.  
 Emanuel Taylor.  
 Laurence Bennett.  
 Harold J. Bellingham.  
 Albert M. Van Eaton.  
 John E. Gabrielson.  
 George C. Weldin.  
 Sumner C. Cheever.  
 Albert E. Conlon.  
 Emmet P. Forrestel.  
 Roscoe H. Hillenkoetter.  
 George M. Dusinger.  
 Clarence J. Ballreich.  
 William Sinton.  
 George F. Prestwich.

William R. Dolan.  
 Maxemillian B. De Leshe.  
 Thomas O. Brandon.  
 Roger K. Hodson.  
 Rodney H. Dobson.  
 Terence W. Greene.  
 William N. Thornton.  
 Ernest V. Abrams.  
 Burton E. Rokes.  
 Lloyd K. Cleveland.  
 Donald R. Comstock.  
 Edgar V. Carrithers.  
 Dennis B. Boykin.  
 Martin Nyburg.  
 William F. Skyles.  
 Ashton B. Smith.  
 George Walker.  
 George L. Bright.  
 Charles R. Price.  
 William G. Dow.  
 Thomas J. Bay.  
 Harold B. Herty.  
 Edgar L. Adams.  
 Samuel S. Fried.  
 Paul L. Mather.  
 John P. Curtis.  
 LaRue C. Lawbaugh.  
 Warner W. Angerer.  
 Edward E. Pare.  
 Richard S. Morse.  
 William A. P. Martin, jr.  
 Charles S. Beightler.  
 Richard Highleyman.  
 William W. Fife.  
 Walter H. Roberts.  
 Herbert Finebaum.  
 John Perry.  
 Mead S. Pearson.  
 Oberlin C. Laird.  
 Harold R. Parker.  
 Thomas S. Combs.  
 Clarence F. Swanson.  
 Frederick V. Barker.  
 Lewis Corman.  
 George P. Kraker.  
 Edwin F. Conway.  
 Robert E. Melling.  
 Horace Burroughs, 3d.  
 Michael D. Dearth.  
 Kenneth E. Brimmer.  
 George E. Rosenberry.  
 Herbert G. Hopwood.  
 Charles B. Gary.  
 Henry G. Chalkley, jr.  
 Carroll L. Tyler.  
 James B. Donnelly.  
 Samuel W. Canan.  
 Robert H. Smith.  
 John P. Vetter.  
 John F. Gillon.  
 Harold C. Fitz.  
 Rockwell J. Townsend.  
 Fridthjof W. Londahl.  
 Russell Keith.  
 Henry N. Mergen.  
 Charles C. Hartman.  
 Olin R. Miner.  
 Alf O. R. Bergesen.  
 Lyman S. Perry.  
 Barnett T. Talbott.  
 Frank C. L. Dettmann.  
 Robert P. Erdman.  
 Carleton C. Champion, jr.  
 Charles R. Skinner.  
 Merrill F. Sproul.  
 George F. Burdick.  
 Drayton Harrison.  
 Ellsworth D. McEathron.  
 Maurice E. Curtis.  
 Allen Hobbs.  
 William H. Buracker.  
 John C. Webb.  
 Eugene F. Burkett.  
 John E. Shoemaker.  
 Charles T. Wooten.  
 Earl R. De Long.

Abel C. J. Sablot.  
 Mark H. Harrington.  
 Virgil E. Korn.  
 Asel B. Kerr.  
 William E. A. Mullan.  
 William I. Leahy.  
 Frank Rorschach, jr.  
 Allen P. Mullinnix.  
 George H. Dana.  
 William B. Goggins.  
 Kendall S. Reed.  
 Charles B. Momsen.  
 Donald T. Whitmer.  
 Roger Brooks.  
 Ernest W. Litch.  
 Morton B. Sterling.  
 Burton L. Hunter, jr.  
 Marion E. Crist.  
 Sam L. LaHache.  
 Alva J. Spriggs.  
 John W. Marts, jr.  
 Donald R. Osborn, jr.  
 Benton W. Decker.  
 Morris B. Meyers.  
 Orin S. Haskell.  
 William B. Broadhurst.  
 Maurice E. Hatch.  
 Benjamin P. Ward.  
 Edmond P. Speight.  
 Milton D. Goldsmith.  
 Raleigh B. Miller.  
 Robert P. Cunningham.  
 Charles C. Anderson.  
 William A. P. Thompson.  
 Ericson Lewis.  
 Jesse B. Goode.  
 James L. Wyatt.  
 Clarence McM. Head.  
 Frederick W. Roberts.  
 John M. Thornton.  
 Harry D. Power.  
 William D. Fletcher.  
 Gordon A. Patterson.  
 Howard C. Rule, jr.  
 Austin K. Doyle.  
 Thomas S. Thorne.  
 Ralph Humphreys.  
 George H. Gregory.  
 Thomas C. Scaffa.  
 Maurice Montgomery.  
 Harold R. Brookman.  
 John B. Lyon.  
 James H. Doyle.  
 Neill D. Brantly.  
 Charles D. Murphey.  
 Harton I. Booker.  
 Sumner T. Scott.  
 George B. Cunningham.  
 Solomon S. Isquith.  
 Edwin C. Bain.  
 Armon D. A. Crawford.  
 Norman S. Ives.  
 Bailey Connelly.  
 Chester A. Swafford.  
 Gyle D. Conrad.  
 Clayton S. Isgrig.  
 John A. McDonnell.  
 Harold Coldwell.  
 Benjamin N. Ward.  
 James H. McKay.  
 Ferguson B. Bryan.  
 Frank H. Conant, 2d.  
 William G. Livingstone.  
 Frederick R. Buse.  
 Harley F. Cope.  
 Hugh P. Kirby.  
 James D. Haselden, jr.  
 Jewett P. Moncure.  
 Wade De Weese.  
 Amariah B. Cartwright.  
 Allan D. Blackledge.  
 Thomas T. Craven.

Clyde W. Smith.  
 Theodore G. Haff.  
 Dixwell Ketcham.  
 William J. Strother, jr.  
 Cato D. Glover, jr.  
 Francis B. Stoddert.  
 Charles M. Huntington.  
 John W. Higley.  
 Oliver W. Gaines.  
 William G. Tomlinson.  
 Harry H. Hill.  
 John P. Graff.  
 Edwin L. Brashears.  
 Richard C. Wiestling.  
 James M. Plaskitt.  
 Harvey Wilson.  
 Paul W. Steinhagen.  
 Robert C. Warrack.  
 Vilas R. Knope.  
 Douglass P. Johnson.  
 Francis P. Old.  
 William H. Wallace.  
 Norman B. Hopkins.  
 Melvin H. Bassett.  
 Charles A. Collins.  
 Khem W. Palmer.  
 Justin D. Hartford.  
 Elmer Kiehl.  
 Hilyer F. Gearing.  
 Francis W. Beard.  
 Jesse G. Johnson.  
 Joseph J. Rocheforth.  
 William J. Medusky.  
 Cecil E. Godkin.  
 Herbert C. Behner.  
 Roland E. Krause.  
 John H. Hykes.  
 Frederick J. Legere.  
 Thomas Southall.  
 Kenneth F. Horne.  
 Walter C. Haight.  
 William A. Lynch.  
 Joseph A. Ouellet.  
 Myron T. Grubham.  
 Ira D. Spoonmore.  
 Alfred G. Scott.  
 Raymond St. C. Beckel.  
 Herbert H. Taylor.  
 Howard W. Bradbury.  
 Lynn G. Bricker.  
 James H. Foskett.  
 Joseph E. Jackson.  
 Forrest A. Rhoads.  
 William W. Behrens.  
 Russell C. Bartman.  
 Bernhard H. Wolter.  
 Raymond A. McClellan.  
 Nullet F. Schneider.  
 Gordon T. House.  
 Earl Le R. Sackett.  
 Edmund T. Wooldridge.  
 Elwood M. Tillson.  
 Charles H. Murphy.  
 Peter F. Hunt.  
 Raymond D. Sollars.  
 Stephen C. Dougherty.  
 Joseph T. Talbert, 2d.  
 Beverly A. Hartt.  
 Hugh W. Turney.  
 Myron A. Baber.  
 Paul R. Sterling.  
 Charles L. Hutton.  
 William F. Moran.  
 John A. Dillon.  
 Perley E. Pendleton.  
 Walton W. Smith.  
 Charles S. Boardman.  
 Samuel Gregory.  
 Frank A. Davis.  
 Joseph H. Gowan.  
 Homer N. Wilkinson.

*To be ensigns.*

William F. Jennings.  
 Corydon H. Kimball.



*To be medical inspector.*

Richard A. Warner.

*To be surgeons.*Ruskin M. Lhamon.  
Clarence W. Ross.  
Carleton I. Wood.Roscoe M. Waterhouse.  
William H. Michael.  
Talmadge Wilson.*To be passed assistant surgeons.*Francis C. Hertzog.  
Deane H. Vance.  
Hillard L. Weer.Jerome Braun.  
David B. Peters.*To be assistant surgeons.*Gilbert E. Gayler.  
Frank K. Soukup.  
Nathaniel C. Rubinsky.Earl B. Erskine.  
James F. Finnegan.*To be passed assistant dental surgeon.*

Joseph W. Baker, jr.

*To be pay directors.*David V. Chadwick.  
David M. Addison.  
Victor S. Jackson.*To be pay inspectors.*William N. Hughes.  
Harold W. Browning.  
Emory D. Stanley.*To be passed assistant paymasters.*Dillon F. Zimmerman.  
Alexander Riggan.  
Robert G. Robeson.  
Frederick Schwab.  
Raphael Gering.  
Robert J. Montelith.  
Fillmore S. C. Layman.  
Harold R. Lehmann.  
Leon I. Smith.  
Myron W. Willard.  
Archie A. Antrim.  
John H. Gallion.  
Harold E. Humphreys.  
Hugh A. Phares.  
Percy W. McCord.  
James E. Brennen.  
Tipton F. Woodward.  
Mason E. Mitchell.  
George P. Smallman.  
George E. Duffy.  
Chris J. Norstad.  
Charles A. Cook.  
George L. Thomas.  
Samuel L. Bates.  
John C. Poshepny.  
Gordon S. Bower.  
Harry F. Hake.  
Harry G. Kinnard.  
Percival F. Patten.  
William E. McCain.  
Grandison J. Tyler.  
Theodore M. Stock.  
Chester B. Peake.  
Stanford G. Chapman.  
Hugh J. McManus.  
Alexander W. Urquhart.  
John J. Carroll.  
Howard N. Hill.  
Leo V. Flavell.  
Cornelius A. Brinkmann.  
Albert W. Eldred.  
Jacob H. Kyger.  
Joseph T. Lareau.  
Marvin McCray.Roy L. Koester.  
Clarence E. Kastenbein.  
James H. Stevens.  
George Scratchley.  
Ellsworth F. Sparks.  
Charles B. Forrest.  
John P. Killeen.  
Orville F. Byrd.  
Charles H. Gillilan.  
Daniel L. McCarthy.  
Leon Dancer.  
Harry A. Miller.  
Joseph W. Cavanaugh.  
Harvey R. Dye.  
Verny Carroll.  
Ervin R. Brown.  
Charles Schaaf.  
Ray E. Snedaker.  
George W. Davis.  
William W. Wise.  
Guild Bruda.  
Don M. Robinson.  
Alvin S. Reid.  
Robert H. Lenson.  
Robert R. Blaisdell.  
Edward F. Ney.  
Charles A. Cameron.  
William G. Conrad.  
Karl S. Farnum.  
Louis A. Puckett.  
James D. G. Wognum.  
Charles H. Ritt.  
Charles Musil.  
Ray W. Byrns.  
Walter E. Scott.  
Webster Gross.  
William R. Calvert.  
James M. Thomas.  
Edward Mixon.  
Julius J. Miffitt.  
James E. Hunt.  
Leo A. Ketterer.  
Nicholas A. Brown.*To be chaplains.*Edmund A. Brodmann.  
Le Roy N. Taylor.Thomas B. Thompson.  
John J. Brady.*To be chief boatswains.*William E. Benson.  
Fred C. A. Plagemann.  
Wildon A. Ott.*To be chief machinist.*

John A. Silva.

*To be chief pay clerks.*Merle W. Shumate.  
Thomas J. Bolan.*To be chief gunner.*

Fayette Myers.

*To be pay inspector.*

John N. Jordan.

## MARINE CORPS.

*To be captains.*Walter S. Gaspar.  
William K. MacNulty.  
Alfred Dickerson.  
Thomas R. Shearer.Jacob M. Pearce.  
Charles C. Gill.  
John F. McVey.

## POSTMASTERS.

## FLORIDA.

Clarence J. Carlton, Arcadia.  
Charles R. Lee, Clearwater.  
Grady W. Bailey, Florence Villa.  
Jesse D. Knight, Lake Butler.  
Albert L. Lucas, Ocala.  
Thomas W. Lundy, Perry.

## KANSAS.

Effie M. Brown, Centralia.  
Newell R. Kirkham, Lebo.  
Elam Shaffstall, Luray.  
Caroline Boman, Virgil.

## MICHIGAN.

Etta R. DeMotte, Memphis.

## NEW HAMPSHIRE.

Fred H. Ackerman, Bristol.  
Edgar A. Noyes, Claremont.  
William E. Jones, Winchester.

## VIRGINIA.

Ferdinand C. Knight, Alexandria.  
William H. Haney, Claremont.  
Holdway E. Lane, Gate City.  
Philip L. Harrington, Independence.  
Augustus R. Morris, Jetersville.  
Georgie H. Osborne, Keysville.  
Ira D. Baker, Lovettsville.  
Glenn H. Wheeler, Marion.  
Manley W. Carter, Orange.  
Walter C. Franklin, Pamplin.  
Charles V. Tucker, Phenix.  
Patrick J. Riley, Portsmouth.  
Joseph W. Stewart, Richmond.  
Edward S. Barnitz, Salem.  
Charles G. Rowell, Surry.  
Jacob H. Furr, Waynesboro.  
Campbell Slem, Wise.  
Charlie R. Fisher, Wytheville.

## WISCONSIN.

Robert Luchsinger, Belleville.  
Clarence B. Jensen, Cambridge.  
Richard J. Hansen, Elcho.  
Clara M. Johnson, Ettrick.  
John D. Laughlin, Marion.  
Marinus Jensen, Mountain.  
C. Amelia Knudson, Scandinavia.  
Clarence W. Hebard, Sheldon.  
Fred J. Hurless, Viola.  
Robert C. Bulkley, Whitewater.

## HOUSE OF REPRESENTATIVES.

TUESDAY, December 19, 1922.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

By the memory of the past, blessed heavenly Father, we are encouraged to come to Thee, for Thy goodness and mercy are from everlasting to everlasting. Touched with a feeling of our infirmities, Thou knowest us. Come to us according to our requirements and make our weakness to be our strength. Whatever the exactions and responsibilities of our lives may be, teach us to be patient and long-suffering, anchored in the faith of an all-wise God. Stir the fortunate of our land to a high spirit of charity and to a deep sense of duty, and thus may the poor be blest with comfort and good cheer. In the blessed name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.